HOUSE OF COMMONS
CANADA

REPORT ON CANADIAN FEATURE FILM INDUSTRY

SCRIPTS, SCREENS AND AUDIENCES:

A NEW FEATURE FILM POLICY FOR THE 21ST CENTURY

MARLENE CATTERALL, M.P.
CHAIR

November 2005

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SCRIPTS, SCREENS AND AUDIENCES: A NEW FEATURE FILM POLICY FOR THE 21ST CENTURY

REPORT OF THE STANDING COMMITTEE ON CANADIAN HERITAGE

MARLENE CATTERALL, M.P.
CHAIR

November 2005

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THE STANDING COMMITTEE ON CANADIAN HERITAGE

has the honour to present its

NINETEENTH REPORT

In accordance with its mandate under Standing Order 108(2), your committee has undertaken a study on the Canadian feature film industry and reports its findings and recommendations.

ACKNOWLEDGEMENTS

The Committee could not have completed its study on the Canadian feature film industry without the cooperation and support of numerous people. The Chair and members of the Committee extend their thanks to all the witnesses who shared with them their insights and knowledge on this subject.

Our task could not have been completed without the valuable work of the Analysts from the Library of Parliament, Joseph Jackson, Sam Banks, Matthew Carnaghan and David Black, Consultant; from the Parliamentary Information and Research Service: Emma Butt, Michael Dewing, Allison Goody, Erin Prisner, Alex Smith, and Jack Stilborn. The Committee also wishes to acknowledge the Clerk, Jacques Lahaie, and Lucie Poulin for the administration and support throughout the course of this study.

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CHAPTER 1: INTRODUCTION

A. WHY FILM IS IMPORTANT

Since its invention and development in the late 19th century, film has been one of the most powerful and influential cultural media in the history of the world. Although poetry, plays and novels have all had periods when they were a popular form of cultural expression, they never enjoyed the mass audiences that have flocked to see film. Because film is so accessible to those watching, it was the first truly mass cultural medium.

Film is characterized by another feature — its expense. Printing a book, putting on a play, writing and performing music cost, relatively speaking, very little when compared to film. Since feature films require a large market to generate enough sales to pay for them, filmmakers in countries with smaller markets are at a disadvantage. Only a handful of countries have domestic markets large enough to support a viable domestic film industry without some form of direct or indirect government support.

Given the expense involved, skeptics and cynics often ask, "Why bother? Why not spend the money on something more useful, such as medical research or education?" In their view, Canadians might as well sit back and enjoy the benefits that flow from watching the vast range of feature films that are produced by other countries.

All the available evidence suggests that humans have created music, poetry, drawings, decoration and ornament since they first came together to form societies. One could argue whether music or story came first, but stories, either in the form of myth, poetry, plays and song, have been with us for millennia.

Film is a powerful medium for storytelling and it has attracted great numbers of creative people. There are great films and average films just as there are great and average poems, plays, novels and songs. The average, however, do not take away from the great films, plays, novels, poetry and music. Nor do the average dissuade new generations of creators to attempt the near impossible — to make a great film or write a great novel.

Canadians value their distinctive and diverse cultural identities, and have a desire to preserve and promote them in the context of global economic and cultural integration. Accordingly, Canada has long been a leading advocate for an international agreement on cultural diversity.

The near unanimous adoption of the UNESCO Convention on the Protection and Promotion of the Diversity of Cultural Expressions shows that Canada is not alone in its desire to ensure that its distinct and diverse cultural voices are preserved.

The Convention, which Canada ratified on 23 November 2005, is of considerable relevance to the Government of Canada's efforts to preserve and promote Canadian film and film culture. In a world where goods and services flow increasingly freely, Canada is flooded with films, overwhelmingly big budget Hollywood productions. In such an environment, the ability of Canadian filmmakers to tell their stories and Canadian audiences to view them is jeopardized. In response, the Government of Canada has devised a number of policies and programs to nurture Canadian film and film artists, which will be discussed in detail throughout this report. The Convention places cultural preservation on the international agenda and confirms in the eyes of the international community, as well as the annals of international law, the legitimacy of Canada's current and future policies aimed at supporting Canadian film.

Most countries support medical research, provide a safety net for the poor, and attempt to create the conditions that allow creative expression of all types to flourish. In some cases this involves a legal framework that allows free expression and in others a host of initiatives that support the organizations that publish the poetry, plays, novels and music or that perform them. The organizations that do so can be non-profit (e.g., many orchestras, opera companies and museums) or for-profit (e.g., most book publishers).

Apart from ideologues, no one seriously argues that cultural expression should and will occur without any help from others. Some societies rely on and encourage private philanthropy (e.g., the U.S.), while others might use non-profit agencies established with help from government (e.g., Canada).

Support for feature films will vary in different countries as is aptly demonstrated in this report. There is no set formula for success. The only relevant questions have to do with the objectives to be achieved and the most efficient and effective means to achieve them.

Periodically reviewing how we are doing is absolutely necessary and sensible. Any review, however, has to keep in mind its purpose — namely to determine how well we have done and how we might, over time, become better at what we are doing.

We are living through a period of technological change at a rate unlike anything previously witnessed; the Committee is convinced, however, that film, whether seen in a cinema, watched at home, or viewed through a handheld portable device will always remain a powerful form of cultural expression. Indeed, the mechanisms we use to watch film may change, but we will continue to watch films for as long as we continue to have stories to tell.

In some part of our mind the lights will go down, the flickering image will begin to take hold and we will be moved into an almost magical, even mythical world where people are stronger or weaker, more knowledgeable or less informed, less troubled or more distressed than ourselves. At that moment we enter the world of story, and participate in one of the oldest of human activities: the telling of and listening to stories. And that is why we support film.

The "why" is easier to answer than the "how are we doing?" and "why aren't we doing better?" This committee is quite convinced of the "why". What follows deals with questions about what we are trying to do, how well we do it and how we might best foster the conditions for Canadian creators and entrepreneurs to make films that not only reach, but resonate, with Canadian audiences.

B. REPORT OUTLINE

The Committee launched its study of the feature film industry in February 2005.[1] During the first phase of its study, it heard from more than 180 witnesses representing funding support organizations, writers, producers, directors, distributors, exhibitors, broadcasters, unions and government. It also travelled to Vancouver, Winnipeg, Toronto, Montreal and Halifax to hold hearings and conduct site visits.

The first phase of the Committee's work culminated with the release of its Interim Report in June 2005. The Interim Report presented preliminary observations on what the Committee had heard to that point and called upon industry stakeholders to submit written responses to a set of focussed questions.[2]

The core issues, themes and concerns identified during the first phase of the Committee's study, as well as the responses received to the questions posed by the Interim Report, were highly instructive. The Committee has carefully evaluated and weighed the concerns and proposals raised by witnesses and has reached agreement on a number of important conclusions and recommendations.

The Committee hopes that the recommendations contained herein will help sustain and build upon the recent successes witnessed in Canada's French-language feature film market. It is the Committee's firm belief that these recommendations will also help encourage the possibility of similar results for English-language Canadian films.

Canada has the talent and the capacity to build a culturally vibrant and economically viable feature film industry. The many themes, issues and concerns raised throughout the course of the Committee's 10 month study are addressed, where appropriate, in the chapters that follow. These are:

- **Chapter Two: Selected Statistical Data** — The Committee's Interim Report presented a range of statistics relevant to Canadian feature film. This chapter introduces additional data that the Committee feels are crucial to understanding the current state and future direction of Canadian feature film. It includes economic data on the film industry, detailed market share data, as well as data on direct and indirect government support for Canadian feature film. It also includes survey data on Canadians' movie viewing and internet usage habits.

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[1] The terms of reference of this study are included in an Appendix to this report.

[2] The list of questions is provided in an Appendix to this report.

- **Chapter Three: Summary of Responses to the Interim Report** — As mentioned above, the Committee's Interim Report invited a second round of input from industry stakeholders. This chapter provides a summary of the views expressed by those who responded. Issues addressed relate to: creation and production, marketing, existing government support mechanisms, distribution, exhibition, governance of key film support agencies, performance measures and targets, as well as a number of other key concerns.

- **Chapter Four: Feature Film Support Programs and Initiatives: International Comparisons** — Throughout the work of the Committee, witnesses regularly mentioned policies and programs that other countries offer in support of their feature film industries. In response, the Committee undertook a considered examination of the support measures offered in a selection of key countries. This chapter examines feature film support models used in Australia, France, Germany and the United Kingdom and discusses how they compare with the methods used in Canada.

- **Chapter Five: Recommendations for a New Film Policy and its Implementation** — This chapter provides a suite of recommendations that the Committee feels would help further the objectives of Canada's feature film policy. It includes a discussion of core elements for a new film policy, the importance of governance and accountability, and needed action for the implementation of a new policy.

- **Chapter Six: Conclusion** — This final chapter recounts some of the leading deficiencies with Canada's feature film policy and its implementation and emphasizes the broader changes that are needed to improve upon the current situation. It stresses that the Committee strongly supports the role of the federal government in support of Canadian feature filmmaking and that long-term stable funding at levels equal to, or greater than, those currently available should continue to be made available to Canada's feature filmmakers.

CHAPTER 2: SELECTED STATISTICAL DATA

This committee's June 2005 Interim Report presented available statistics of greatest relevance to its study of the feature film policy. Since that time additional data on the recent and current state of Canada's film industry have been collected and reviewed. The following chapter presents selected data that both supplement and enhance the statistics provided in the Interim Report.

Part A presents longitudinal data that show the extent to which Canada's feature film industry contributes to the cultural and economic sectors. Part B presents data provided by the Department of Canadian Heritage and the Canadian Audio-Visual Certification Office (CAVCO) that help identify areas where progress has (or has not) been made in meeting the objectives of the 2000 feature film policy. Part C reviews recent data collected by Decima Research and the Canadian Internet Project concerning Canadians' movie viewing and Internet usage habits.

A. ECONOMIC CHARACTERISTICS OF THE FILM INDUSTRY IN CANADA

Any examination of the economic aspects of the Canadian film industry faces two notable limitations. First, the most current data available from Statistics Canada are for the period 1996-2001; second, Statistics Canada data do not distinguish between distinctly Canadian productions and foreign-location service productions shot in Canada. That said, there are a number of general trends and patterns worth noting.

Locating the Film Industry within the Cultural Sector

Figure 2.1 shows that from 1996 to 2001, GDP generated from the cultural sector as a whole amounted to an average of over $33 billion per year. During this same period, this contribution averaged approximately 3.8% of the total Canadian GDP.

Figure 2.1 Canadian cultural sector GDP in current dollars ($ millions), 1996 to 2001

	1996	1997	1998	1999	2000	2001	Average 1996 to 2001		
							GDP	% change	Annual growth rate
Canadian GDP	774,404	816,763	840,473	903,750	995,219	1,022,055	892,111	32.0%	5.7%
Cultural sector GDP	29,233	30,441	32,375	33,953	37,459	38,486	33,663	31.7%	5.7%
Cultural sector GDP as a % of Cdn. GDP	3.77%	3.73%	3.85%	3.76%	3.77%	3.77%	3.77%	-	-

Source: Statistics Canada, *Economic Contribution of Culture in Canada*, 2004

Figure 2.2 shows that between 1996 and 2001 the Canadian film industry generated an annual average of $2.7 billion in GDP, making it the third largest cultural sub-sector in terms of its overall contribution to GDP.

Figure 2.2 Canadian cultural sector GDP by sub-sectors ($ millions), 1996 to 2001

	1996	1997	1998	1999	2000	2001	1996 to 2001	
							Average	% share
Written media	11,787	12,619	13,328	13,843	15,576	16,745	13,983	43
Broadcasting	3,347	3,781	3,782	3,857	4,237	4,468	3,912	12
Film industry	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Advertising	1,731	1,840	1,851	2,235	2,532	2,493	2,114	7
Performing Arts	1,460	1,368	1,563	1,582	1,303	1,373	1,442	4
Visual Arts	1,239	1,105	1,174	1,286	1,209	1,020	1,172	4
Libraries	1,156	1,146	1,137	1,128	1,120	1,113	1,133	4
Design	844	899	916	946	1,020	1,039	944	3
Sound recording and music	931	1,043	1,124	776	852	807	922	3
Heritage	812	829	877	921	970	1,010	903	3
Architecture	627	553	742	764	1,024	916	771	2
Photography	322	232	234	359	375	343	311	1
Festivals	34	34	45	50	57	65	47	0.1

Source: Statistics Canada, *Economic Contribution of Culture in Canada*, 2004.

GDP generated by the industry also rose steadily between 1996 and 2001. As Figure 2.3 demonstrates, the film industry enjoyed the second fastest growth rate of all cultural sub-sectors.

Figure 2.3 GDP growth rates in cultural sub-sectors, 1996 to 2001

	% Change					Average annual % growth rate
	1996 to 1997	1997 to 1998	1998 to 1999	1999 to 2000	2000 to 2001	
Festivals	-1.2	33.7	11.3	13.7	13.7	14.2
Film industry	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Architecture	-11.7	34.1	2.9	34.0	-10.5	9.8
Advertising	6.3	0.6	20.7	13.3	-1.6	7.0
Written media	7.1	5.6	3.9	12.5	7.5	7.3
Broadcasting	13.0	0.02	2.0	9.8	5.5	6.1
Heritage	2.1	5.9	5.0	5.3	4.2	4.5
Design	6.5	1.9	3.2	7.8	1.9	4.3
Photography	-27.9	0.9	53.2	4.5	-8.6	4.4
Libraries	-0.8	-0.8	-0.8	-0.7	-0.7	-0.8
Performing Arts	-6.3	14.2	1.2	-17.6	5.4	-0.6
Sound recording and music	12.0	7.8	-31.0	9.9	-5.3	-1.3
Visual Arts	-10.8	6.2	9.6	-6.02	-15.6	3.3

Source: Statistics Canada, *Economic Contribution of Culture in Canada*, 2004.

Employment

Figure 2.4 reveals that Canada's cultural sector employed more than half a million Canadians in any given year between 1996 and 2001. During this same period, the film industry employed an average of 67,500 Canadians, less than half the amount employed in written media, but still the second largest cultural sub-sector in terms of overall employment.

Figure 2.4 Employment in the Canadian cultural sector by sub-sectors, 1996 to 2001

	1996	1997	1998	1999	2000	2001	Average	% share of culture employment average
Written media	156,000	160,000	150,600	151,200	168,000	165,500	158,600	31
Film industry	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Broadcasting	45,900	42,400	47,000	45,500	51,500	56,600	48,200	10
Design	44,700	42,000	42,400	42,500	45,900	44,600	43,700	9
Advertising	36,400	36,400	39,900	42,000	47,100	49,000	41,800	8
Heritage	31,900	32,000	33,300	34,800	35,100	35,600	33,800	7
Libraries	24,700	24,700	24,700	24,700	24,700	24,600	24,700	5
Performing art	24,000	21,600	22,200	20,900	21,000	21,100	21,800	4
Sound recording and music	16,100	18,000	21,200	17,400	15,200	17,200	17,500	3
Visual arts	13,300	12,000	14,700	15,900	14,300	13,200	13,900	3
Architecture	10,000	9,700	12,200	14,400	18,200	15,700	13,400	3
Photography	11,600	8,000	7,500	10,000	9,100	8,600	9,100	4
Festivals	2,300	2,300	2,900	3,200	3,600	4,000	3,000	1

Source: Statistics Canada, *Economic Contribution of Culture in Canada*, 2004

As for overall progress during this period, Figure 2.5 shows that the film industry was the fastest growing employer in the cultural sub-sector, with average annual growth rates of 9%.

Figure 2.5 Employment growth rates in the Canadian cultural sector by sub-sectors, 1996 to 2001

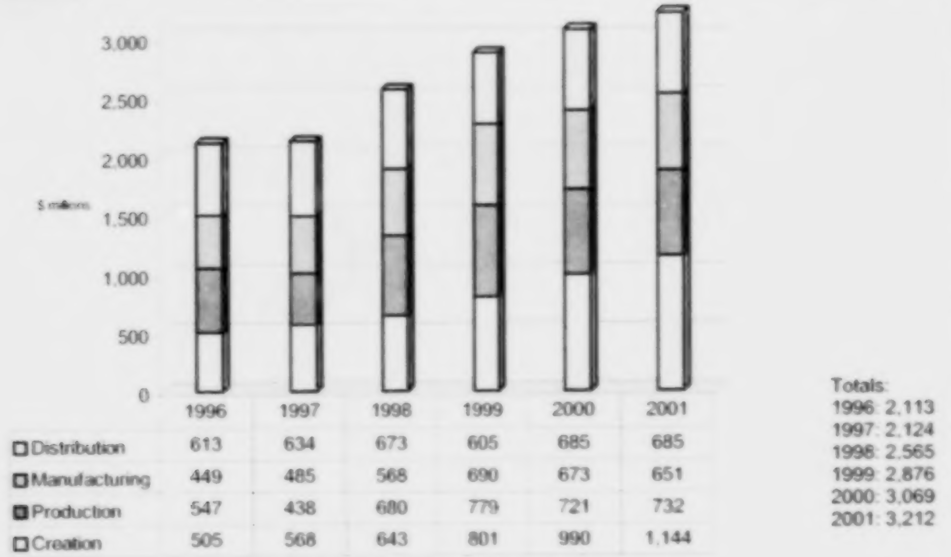
	% Change						Average annual % growth rate
	1996 to 1997	1997 to 1998	1998 to 1999	1999 to 2000	2000 to 2001	1996 to 2001	
Film industry	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Festivals	0.0	26.1	10.3	12.5	11.1	73.9	5.8
Architecture	-3.0	25.8	18.0	26.4	-13.7	57.0	6.5
Advertising	0.0	9.6	5.3	12.1	4.0	34.6	2.7
Broadcasting	-7.6	10.8	-3.2	13.2	9.9	23.3	1.4
Sound recording and music	11.8	17.2	-17.5	-12.6	13.2	6.8	2.3
Heritage	0.3	4.1	4.5	0.9	1.4	11.6	1.0
Written media	2.6	-5.9	0.4	11.1	-1.5	6.1	0.4
Design	-6.0	1.0	0.2	8.0	-2.8	-0.2	-0.3
Libraries	0.0	0.0	0.0	0.0	-0.4	-0.4	0.0
Visual arts	-9.8	22.5	8.2	-10.1	-7.7	-0.8	1.4
Performing arts	-10.0	2.8	-5.9	0.5	0.5	-12.1	-1.5
Photography	-31.0	-6.3	33.3	-9.0	-5.5	-25.9	17.3

Source: Statistics Canada, *Economic Contribution of Culture in Canada*, 2004

GDP and Employment within the Film Industry by Activity

Figure 2.6 shows that with respect to GDP generated, the most economically significant elements of the Canadian film industry's cultural process are the creation and production stages. Film industry GDP, however, grew steadily in all areas of the creative process during the period in question. As can be seen in Figure 2.7, film industry employment, production and distribution generated two-thirds of all jobs. Moreover, between the years 1996 to 2001, the number of people employed in every stage, except manufacturing, doubled.

Figure 2.6 Canadian film industry GDP ($ millions), 1996 to 2001

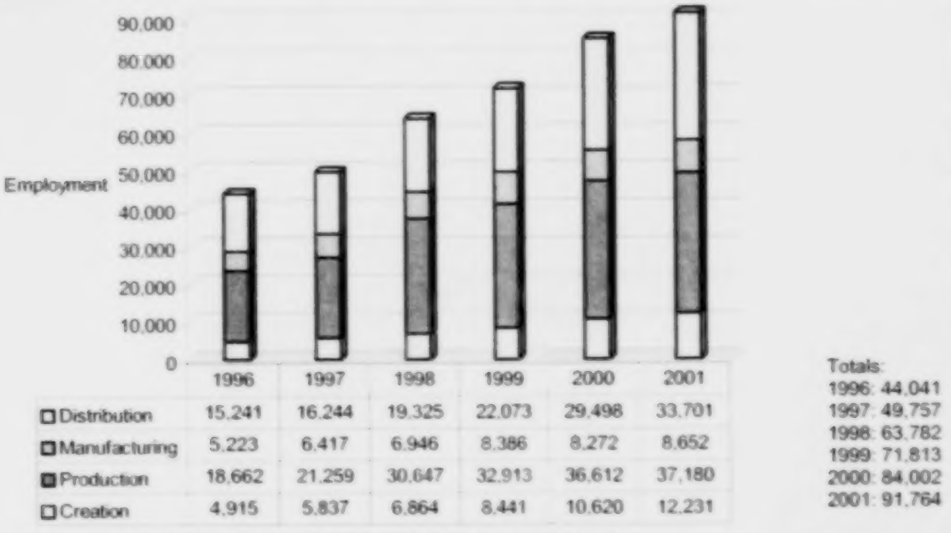


	1996	1997	1998	1999	2000	2001
☐ Distribution	613	634	673	605	685	685
▨ Manufacturing	449	485	568	690	673	651
■ Production	547	438	680	779	721	732
☐ Creation	505	568	643	801	990	1,144

Totals:
1996: 2,113
1997: 2,124
1998: 2,565
1999: 2,876
2000: 3,069
2001: 3,212

Source: Statistics Canada, *Economic Contribution of Culture in Canada*, 2004

Figure 2.7 Canadian film Industry employment, 1996 to 2001



	1996	1997	1998	1999	2000	2001
☐ Distribution	15,241	16,244	19,325	22,073	29,498	33,701
▨ Manufacturing	5,223	6,417	6,946	8,386	8,272	8,652
■ Production	18,662	21,259	30,647	32,913	36,612	37,180
☐ Creation	4,915	5,837	6,864	8,441	10,620	12,231

Totals:
1996: 44,041
1997: 49,757
1998: 63,782
1999: 71,813
2000: 84,002
2001: 91,764

Source: Statistics Canada, *Economic Contribution of Culture in Canada*, 2004

Summary of Findings

Between 1996 and 2001, the Canadian film industry:

- **was Canada's third largest cultural sector, generating an annual average of $2.7 billion in GDP;**
- **employed an annual average of 67,500 people annually;**
- **was the fastest growing cultural sub-sector in terms of employment.**

B. CANADIAN FEATURE FILM: SELECTED DATA

The Committee's Interim Report presented a useful range of selected data on the state of the Canadian feature film industry. These data showed that:

- the overall audience share for Canadian feature films is closing in on the policy target of 5%; Canadian films in the French-language market now enjoy a market share of more than 25%;
- Canadian films in the English-language market continue to struggle, but audiences have increased very slightly, from a market share of 0.2% in 2001 to 1.6% in 2004;
- production budgets have been on the rise and an increasing number are in fact above the $5 million threshold proposed by the policy;
- box office revenues, although down overall in 2004, continue to climb for Canadian films; and
- public support for Canadian film production is more important than ever before.

In September 2005, the Department of Canadian Heritage released a Summative Evaluation of the Canadian Feature Film Policy. This section provides selected data from that report as well as from CAVCO, which help shed further light on areas where progress has and has not been made in meeting the objectives of the 2000 feature film policy.

Direct Federal Support to Feature Film

As seen in Figure 2.8, the total financial resources committed to the Canadian Feature Film Policy for 2004-2005 amounted to almost $100 million, a significant increase from the $65 million commitment in the year prior to the release of the Policy.

Figure 2.8 Canadian Feature Film Policy resources, including administration costs ($ millions), 1999-00 to 2004-05

	1999 - 2000	2000 - 2001	2001 - 2002	2002 - 2003	2003 -2004	2004 - 2005
Creative and Professional Development						
• Film and Video Production Cooperatives(Canada Council for the Arts)	1.9	2.9	2.9	2.7	3.6	2.7
• Non-Theatrical Production (Canadian Independent Film and Video fund)	-	1.8	1.8	1.8	1.55	1.55
• Low Budget Independent Feature Film Assistance Program (Telefilm)	-	1.8	1.8	1.8	1.8	1.8
Canada Feature Film Fund (Telefilm Canada)						
• Screenwriting Assistance Program -	-	0.45	2.3	2.3	1.5	1.17
• Project Development, Production and Marketing Assistance Program	45	53.5	85	83.9	83.8	83.8
• Complementary Activities Program	3.1	3.3	4.95	6.1	6.0	7.0
Feature Film Preservation and Access						
• Library and Archives Canada	-	0.6	0.6	0.6	0.55	0.55
• AV Preservation Trust	-	0.15	0.15	0.15	0.15	0.15
Total Resources						
• Total Resources (Including Administration)	50	64.5	99.5	99.5	98.25	99.25
• Policy Monitoring & PCH Administration	-	0.5	0.5	0.5	0.5	0.5
• Total Policy Resources	50	65.0	100	100.05	98.75	99.75

Source: Department of Canadian Heritage, *Summative Evaluation of the Canadian Feature Film Policy*, September 2005

This table shows that the vast majority of Canadian Feature Film Policy resources are allocated to Telefilm Canada, almost $94 million for 2004-2005. This makes Telefilm's Project Development, Production and Marketing Assistance Program, which received almost $84 million in 2004-2005, the policy's most significant program.

Indirect Federal Support

Federal (and provincial) tax credits represent an important indirect support element for feature film productions made in Canada. During the period the Committee was working on its Interim Report, disaggregated data on the total number of feature films that receive the Canadian Film or Video Producion Tax Credit (CPTC) and the Film or Video Production Services Tax Credit (PSTC) support were not available. Since that time CAVCO has supplied these data to the Committee.

Figure 2.9 shows the number of theatrical productions certified as "Canadian" by CAVCO for the purposes of benefiting from the CPTC from 1999 through 2004. This figure shows that the total number of certified productions increased steadily, from 70 in 2000-2001 to 86 in 2003-2004.

Figure 2.10 shows the total number of productions from 1999 to 2004 that were not certified as "Canadian" for the purposes of the CPTC but were approved by CAVCO to use the PSTC. As can be seen, the number of these productions fluctuated notably, from a high of 73 in 2000-2001 to a low of 40 in 2002-2003.

Figure 2.9 Total number of CPTC certified film productions, 1999-00 to 2003-04

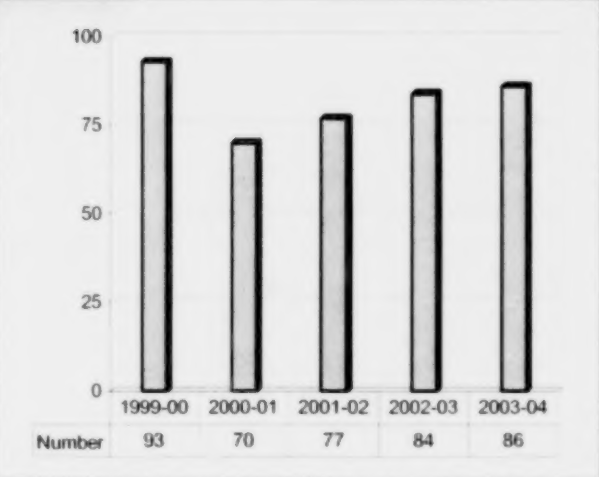
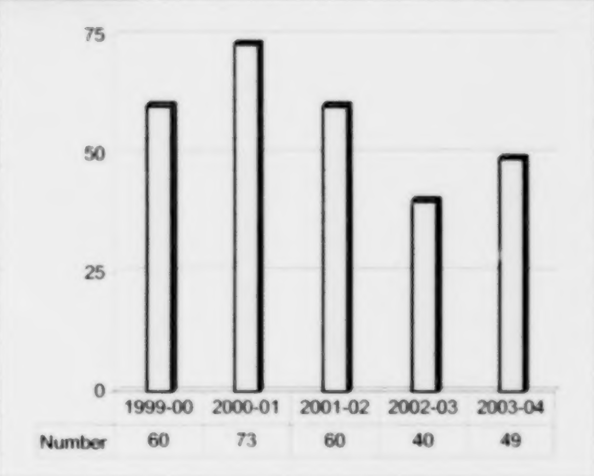


Figure 2.10 Total number of PSTC accredited film productions, 1999-00 to 2003-04

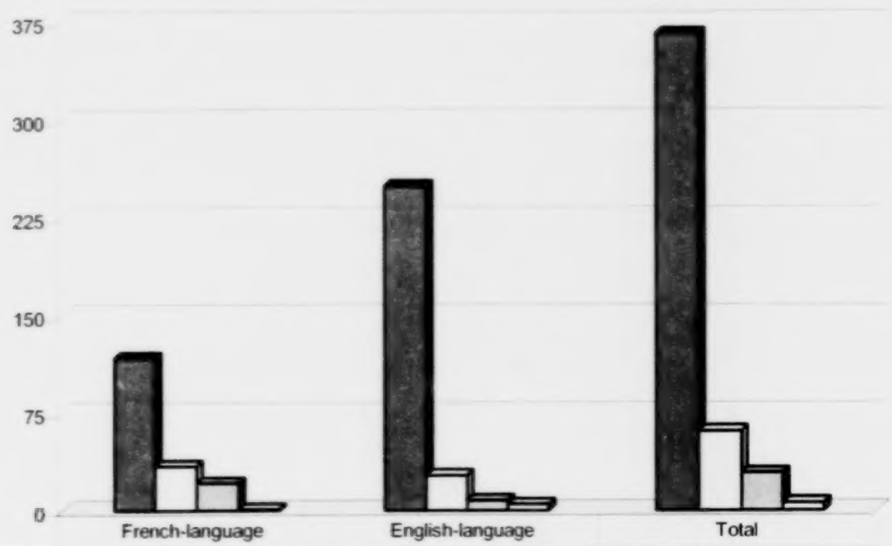


Source: CAVCO data (as reported by the Canada Revenue Agency)
Note: Data for 2003-04 are incomplete.

Scriptwriting Resources by Language

An important objective of the Canadian Feature Film Policy is to develop and retain talented creators. Figure 2.11 shows the progression of French- and English-language movie scripts through Telefilm's Screenwriters Assistance Program (SAP). It can be seen that French-language scripts were almost three times more likely than English-language scripts to be optioned, and five times more likely to make it to the development stage. The relative success rate of French-language and English-language SAP scripts is more difficult to evaluate, however, because, as of January 2005, a number of French-language SAP scripts were still being considered for production funding.

Figure 2.11 From Script to Screen: Overall progression of Screenwriters Assistance Program (SAP) scripts, as of January 2005



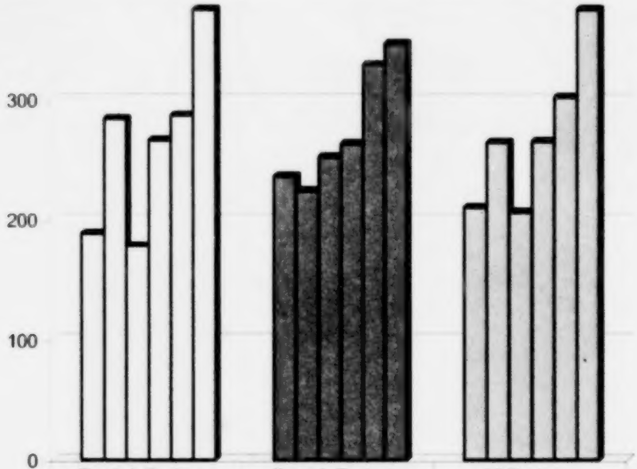
	French-language	English-language	Total
■ Total SAP scripts	117	249	366
☐ Scripts optioned	34	27	61
☐ Development funding from Telefilm	21	8	29
☐ Scripts produced	1	5	6

Source: Department of Canadian Heritage, *Summative Evaluation of the Canadian Feature Film Policy*, September 2005
Notes: Not all "scripts produced" were produced with Telefilm funding; as of January 2005, seven additional French-language scripts were part of projects being evaluated by Telefilm for production funding for 2005-06.

Marketing Budgets by Language

Figure 2.12 shows that average marketing budgets for films awarded financial support from Telefilm have increased steadily since the introduction of the policy in 2000. Until 2003-2004 the average marketing budget for French-language films was the same as, or higher, than the average marketing budget for English-language films. Given that the Quebec market is smaller and more concentrated than the rest of Canada, this suggests that French-language films are being more intensely marketed to prospective audiences than English-language films.

Figure 2.12 Average marketing budgets of feature films receiving Telefilm financial support, 1998-99 to 2003-04 ($ thousands)



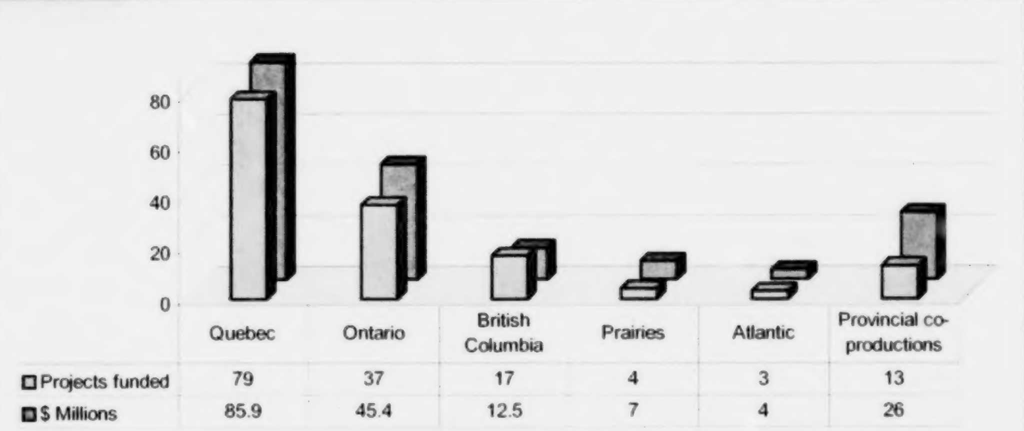
	English Projects	French Projects	All Projects
1998-99	188	236	210
1999-00	284	224	264
2000-01	178	252	206
2001-02	266	263	265
2002-03	287	329	302
2003-04	421	347	385

Source: Department of Canadian Heritage, Summative Evaluation of the Canadian Feature Film Policy, September 2005

Regional Distribution of Production Funding

Fostering the quality and diversity of Canadian films is also among the goals identified by the Canadian Feature Film Policy is. Figure 2.13 shows the regional distribution of films that received funding as well as total financial commitments made for production from the Canada Feature Film Fund and the Low Budget Independent Feature Film Fund.

Figure 2.13 Regional distribution of Telefilm support for feature film Production (CFFF and IFAP), All projects, 2001-2004 (%)



	Total Projects 2001-2004		Total Financial Commitments 2001-2004	
	Projects	% of Total	$ millions	% of Total
Provinces				
Quebec	79	49	85.9	47
Ontario	37	23	45.4	25
British Columbia	17	11	12.5	7
Alberta	4	2	5.4	3
Nova Scotia	3	2	3.4	2
Manitoba	2	1	1.7	1
Newfoundland	2	1	0.5	<1
Saskatchewan	1	1	0.2	<1
Provinces: Subtotal	145	90	155	86
Provincial co-productions				
Ontario/Nova Scotia	5	3	5.5	3
Ontario/British Columbia	3	2	5.7	3
Ontario/Quebec	2	1	2.4	1
Alberta/Quebec	2	1	4.4	2
Saskatchewan/Ontario	2	1	4.0	2
Ontario/Alberta	1	1	2.0	1
Ontario/Manitoba	1	1	2.2	1
Provincial co-productions: Subtotal	16	10	26.2	13
Total	161	100	181.2	100

Source: Department of Canadian Heritage, *Summative Evaluation of the Canadian Feature Film Policy*, Sept. 2005

This table reveals that film producers in Quebec benefit far more than their counterparts in other provinces from production funding support. Indeed, 49% of all films awarded funding between 2001 and 2004 went to films made by Quebec-based production houses.[3] In addition, 47% of the total financial commitments made under the Canada Feature Film Fund and the Low Budget Independent Feature Film Fund went to films from Quebec. Films from Ontario and British Columbia were secondary and tertiary beneficiaries at 23%

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[3] Most of these films were French-language productions.

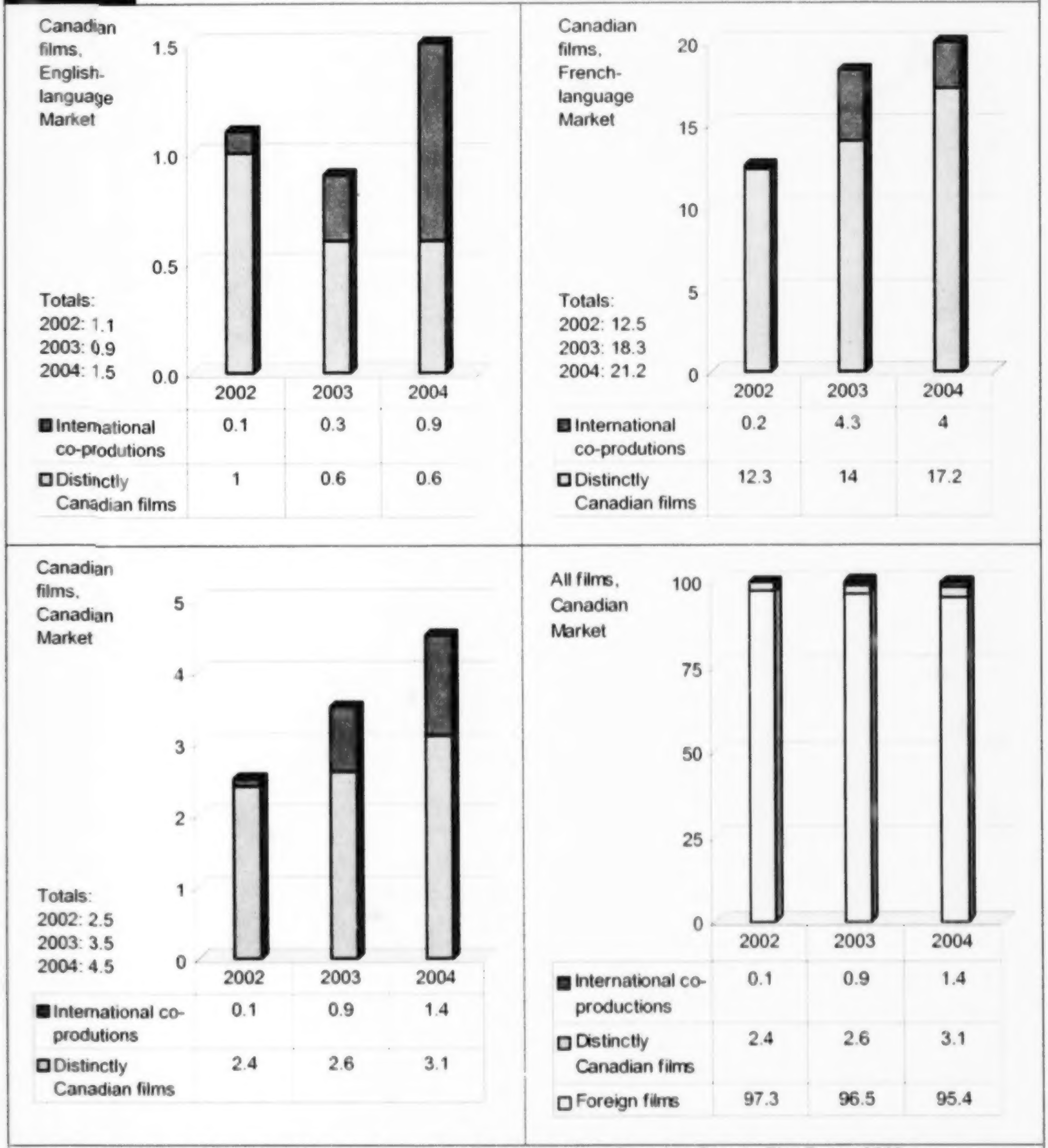
and 11% of total films supported, respectively. Excluding provincial co-productions, about 4% of films supported came from the Prairie region and just 3% from the Atlantic.

Domestic Box Office Shares by Production Type

The Canadian Feature Film Policy has the crucial objective of building audiences at home and abroad for Canadian feature films. The Interim Report presented a series of box-office and market share data. Overall, it was seen that the viewing of Canadian films in theatrical release has been on the rise, from 2.3% in 2000 to 4.6% in 2004. It was noted, however, that most of the growth in the Canadian market share could be explained by a rise in the viewing of Canadian films in the French market, where the market share more than doubled from 12.3% to 26.9%. The viewing of Canadian films in the English-language market during this same period, however, experienced virtually no growth, rising from 0.2% in 2001 to 1.6% in 2004.

Figure 2.14 further disaggregates these linguistic market share data. This figure shows that increases in audiences for treaty co-productions help explain nearly all of the modest growth in English-language market. It also reveals that most of the growth in audience share in the French-language market can be explained by increases in audiences for distinctly Canadian films. Indeed, whereas Canadian films in the French-language market garnered 21.2% of the domestic box-office share in 2004, with just 4% owing to treaty co-productions. Canadian films in the English-language market captured 1.5%, of which 0.9% was due to audiences for treaty co-productions. This finding reveals that distinctly Canadian English-language films obtained just 0.6% of the domestic box-office in the English-language Canadian market in 2004. In other words, it is very difficult to say that there has been any improvement at the box-office in the English market for distinctly Canadian films since the introduction of the policy.

Figure 2.14 Box-office shares of Canadian films by film type and market, 2002 to 2004 (%)



Canadian films, English-language Market

	2002	2003	2004
■ International co-produtions	0.1	0.3	0.9
□ Distinctly Canadian films	1	0.6	0.6

Canadian films, French-language Market

	2002	2003	2004
■ International co-produtions	0.2	4.3	4
□ Distinctly Canadian films	12.3	14	17.2

Canadian films, Canadian Market

	2002	2003	2004
■ International co-produtions	0.1	0.9	1.4
□ Distinctly Canadian films	2.4	2.6	3.1

All films, Canadian Market

	2002	2003	2004
■ International co-productions	0.1	0.9	1.4
□ Distinctly Canadian films	2.4	2.6	3.1
□ Foreign films	97.3	96.5	95.4

Source: Department of Canadian Heritage, *Summative Evaluation of the Canadian Feature Film Policy*, 2005

Summary of Findings

- **Financial resources committed to the Canadian Feature Film Policy in 2004-2005 totaled almost $100 million, the majority of which was administered by Telefilm Canada.**

- **French-language screenwriters are considerably more likely than English-language ones to receive Telefilm support.**

- **Until recently, average marketing budgets for French-language films receiving Telefilm assistance were the same or higher than those for English-language films.**

- **About 75% of all film companies that receive Telefilm production funding come from either Quebec or Ontario. Quebec filmmakers consistently receive about 50% of all Telefilm production funding.**

- **A growth in audiences for international co-productions helps explain nearly all of the recent growth of audiences for Canadian films in the English-language market.**

- **Most of the growth in audience share in the French-language market can be explained by increases in audiences for distinctly Canadian films, rather than international co-productions.**

C. CANADIANS' MOVIE VIEWING HABITS

As noted, a key objective of the Canadian Feature Film Policy is to build audiences for Canadian films. Accordingly, an important part of the Committee's work has been to identify the extent to which Canada's Feature Film Policy has achieved this objective. In July 2005 Decima Research, on behalf of the Department of Canadian Heritage surveyed the attitudes and behaviours of Canadians toward Canadian film and music.[4] Specifically, the study aimed to determine: awareness of Canadian film and music; levels of satisfaction with Canadian film and music; purchasing behaviours of DVDs and CDs; attendance at movie theatres and live music performances. This section provides key findings from this study as well as from a recently released study by the Canadian Internet Project on Internet usage habits.

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[4] Decima Research used a computer-assisted telephone interview to survey a total of 2002 Canadians within the general population aged 15 an older. Because of the success of the film industry in the Quebec market, 750 of the interviews were collected from Quebec residents to obtain a sample for more detailed analysis. The statistical margin of error (at a 95% level of confidence) for each question asked is +/- 2.2%.

How Often and Where Canadians View Movies

Canadians have a number of options for accessing movies. As originally conceived, film was to be viewed on a big screen in a public space, such as theatre or a drive-in. Today, Canadians can view films at home on conventional and speciality television channels, as well as via video-on-demand and pay-per-view services. They can also buy, rent or download films to watch at home, or on personal viewing devices, such as an I-Pod or a cellular phone. In light of these many possibilities, it can be seen why many witnesses and respondents who made submissions to the Committee supported the notion of broadening measurement targets of audiences for Canadian films to include many of these alternate viewing platforms.[5]

Indeed, as can be seen in Figure 2.15, Canadians are far more inclined to watch movies at home than at a theatre or drive-in. Conventional or speciality television channels seem to be Canadians' dominant means for viewing movies, with 54% reporting that they do so at least once per week. Another 29% reported watching movies on conventional or specialty television at least once every one to three months. Twenty-nine percent of Canadians reported renting movies at least once per week and 37% reported doing so at least once every one to three months. In addition, 22% said that they watched movies from their personal collection at least once per week, while 33% did so at least once every one to three months.

However, only 6% of Canadians reported watching movies at a theatre or drive-in at least once per week. Forty-two percent reported going to the theatre or drive-in at least once every one to three months. Significantly, 52% of Canadians either never see movies in the theatre or go only once or twice per year.

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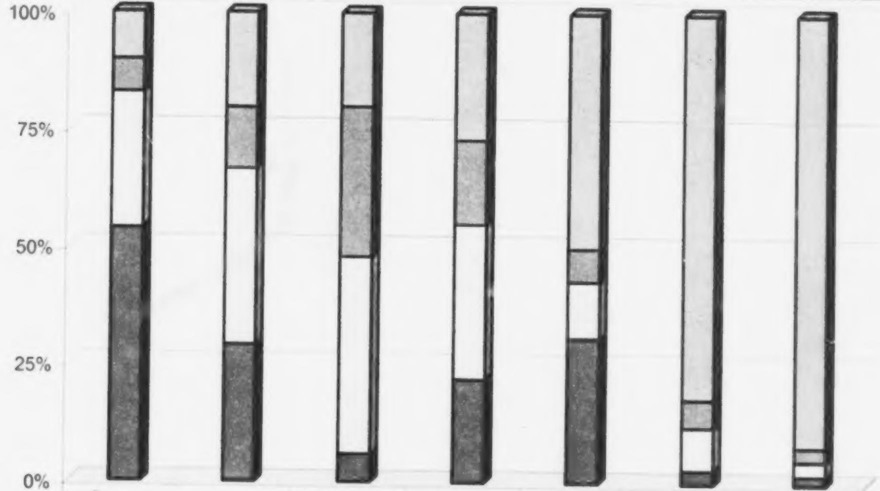
[5] See Chapter 3.

Figure 2.15 How often, how and where Canadians view movies (%)



	Conv. / specialty TV	Rent	Theatre / drive-in	Personal collection	Movie channel	Video-on-demand	Internet download
☐ Never	10	20	20	27	50	82	93
▣ Once every 6-12 months	7	13	32	18	7	6	3
☐ Once every 1-3 months	29	37	42	33	12	9	3
■ At least once per week	54	29	6	22	31	3	2

Source: Decima Research, *Canadian Film and Music Opinion Study*, July 2005

Respondents were asked to identify the factors that deter them from attending more movies in the theatre. As seen in Figure 2.16, the main reason given was that it is too expensive (41%). Twenty-nine percent cited a lack of basic interest and 25% cited a lack of time as reasons for not seeing more movies in the theatre. A further 21% pointed out that it is inconvenient to go to the theatre to see movies.

Figure 2.16 Factors that deter Canadians from seeing movies in the cinema (%)

Reason	Overall	Quebec	Rest of Canada
Too Expensive	41	29	45
Lack of Interest	29	28	30
No Time	25	34	22
Inconvenient	21	16	22
Prefer to Stay home	10	11	9
Inaccessible	4	5	4
Other Reasons	12	18	16

Source: Decima Research, *Canadian Film and Music Opinion Study*, July 2005

Factors that Influence Movie Selection

Respondents were asked to rate the extent to which a series of factors might influence their movie selection at a movie theatre. The level of influence of each factor was expressed using a ten-point scale.[6]

Theatre

Storyline, word-of-mouth, and starring actors are the most significant factors that influence Canadians' movie selection at the theatre. Figure 2.17 indicates that *story* has the most influence over movie selection at the theatre, with 69% of respondents claiming that it has "significant" or "much" influence. Other leading factors include, *word-of-mouth* (62%), the actors starring in the movie (58%), and the *previews at the theatre* (44%). In addition, actors in the movie, critical acclaim and awards, director of the movie, and its country of origin were of significantly greater influences on Quebec residents than those in the rest of Canada.

Figure 2.17 Factors that affect Canadians' selection of movies at theatre (%)

Factor	Overall	Quebec	Rest of Canada
Story	69	57	71
Word-of-mouth	62	58	63
Actors in the movie	58	63	57
Previews at the theatre	44	44	43
Commercials seen on TV	42	41	43
Critical acclaim or awards	33	42	30
Interviews or news stories about the film	30	36	28
Advertising from sources other that TV	27	30	26
Director of the movie	24	32	21
Country of original of the film	21	29	18

Source: Decima Research, *Canadian Film and Music Opinion Study*, July 2005

Rental

With respect to factors that influence movie rental selection, Figure 2.18 indicates that 51% of respondents identified *content* as an important factor: of this amount 26% cited *story* specifically. Other leading considerations were *general awareness* of the movie at 38%, with 27% of this amount citing *word-of-mouth* as important. In addition, 33% of respondents cited factors pertaining to *distinction* as important.

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[6] 9-10 on the scale represented "significant influence", 7-8 "much influence", 5-6 "some influence", 3-4 "little influence", and 1-2 "none." The percentages displayed in Figures 2.17, 2.18 and 2.19 represent the percentage of respondents who rated a factor as having "significant" or "much" influence.

Figure 2.18 Factors that affect Canadians' movie rental selections (%)

Factor	Overall	Quebec	Rest of Canada
Content			
Story	[illegible]	26	[illegible]
Genre/type	[illegible]	18	[illegible]
Picture/blurb on box	[illegible]	12	[illegible]
Interests me/looks good	[illegible]	4	[illegible]
Other content related reasons	[illegible]	10	[illegible]
Total (Net)	[illegible]	56	[illegible]
Awareness			
Word-of-mouth	[illegible]	25	[illegible]
Advertising	[illegible]	9	[illegible]
Previews at the theatre	[illegible]	5	[illegible]
Total (Net)	[illegible]	36	[illegible]
Distinction			
Actors in the movie	[illegible]	27	[illegible]
Critical acclaim or awards	[illegible]	13	[illegible]
Director of the movie	[illegible]	9	[illegible]
Total (Net)	[illegible]	40	[illegible]
Other			
Store Availability	[illegible]	7	[illegible]
Family	[illegible]	2	[illegible]
Other General Reasons	[illegible]	15	[illegible]

Source: Decima Research, Canadian Film and Music Opinion Study, 2005

Purchases

When asked which factors have the most impact on their movie purchasing decisions, (44%) claimed that they *liked the movie so much that they wanted to own it*. Also significant were factors relating to the *content* of the movie (30%), and the *distinction* of the movie (21%) overall.

Figure 2.19 Factors that affect Canadians' movie purchase selections (%)

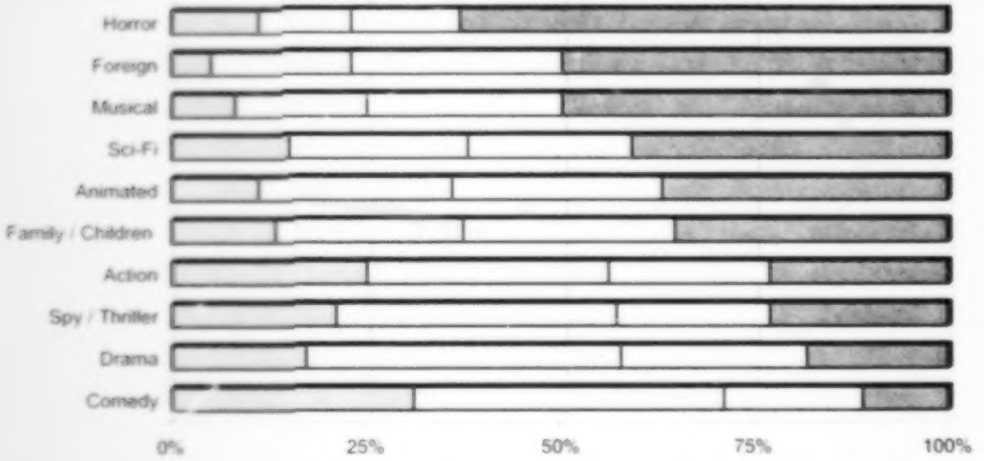
Factor	Overall	Quebec	Rest of Canada
Movie Enthusiast			
Like the movie so much I want to own it	[illegible]	46	[illegible]
Other enthusiast related reasons	[illegible]	2	[illegible]
Total (Net)	[illegible]	47	[illegible]
Content			
Story	[illegible]	13	[illegible]
Genre/type of movie	[illegible]	6	[illegible]
Content of them movie	[illegible]	3	[illegible]
Other content related reasons	[illegible]	9	[illegible]
Total (Net)	[illegible]	27	[illegible]
Distinction			
Actors in the movie	[illegible]	12	[illegible]
Critical acclaim or awards	[illegible]	5	[illegible]
Classic/old movie	[illegible]	5	4
Other distinction related reasons	[illegible]	5	[illegible]
Total (Net)	[illegible]	24	[illegible]
Awareness			
Word-of-mouth	[illegible]	9	14
Advertising	[illegible]	2	4
Other awareness related reasons	[illegible]	6	[illegible]
Total (Net)	[illegible]	14	[illegible]
Other			
Cost	[illegible]	9	[illegible]
Family (Net)	[illegible]	7	[illegible]
Other General Reasons (Net)	[illegible]	9	[illegible]

Source: Decima Research, *Canadian Film and Music Opinion Study*, July 2005

Level of Interest in Types of Movies

Respondents were asked to state their degree of interest in a variety of film genres. As Figure 2.20 shows, *comedy* is the most popular movie genre among Canadians, with 71% of Canadians indicating that they were "extremely" or "very" interested. Other leading genres were *drama* with 57% claiming to be "extremely" or "very" interested, *spy/thrillers* with 57%, and *action* with 56%. Least favourite among Canadians were *musicals* (25%), *horror movies* (23%), and *foreign films* (23%).

Figure 2.20 Canadians' interest levels in types of movies (%)



	Comedy	Drama	Spy / Thriller	Action	Family / Children	Animated	Sci-Fi	Musical	Foreign	Horror
▨ A Little/ Not at all	11	18	23	23	35	37	41	50	50	63
☐ Somewhat	18	24	20	21	27	27	21	25	27	14
☐ Very	40	40	36	31	24	25	23	17	18	12
▨ Extremely	31	17	21	25	13	11	15	8	5	11

Source: Decima Research, *Canadian Film and Music Opinion Study*, July 2005

Awareness of Canadian Feature Film

As seen in Figure 2.21, although Canadians' overall awareness of Canadian feature films is fairly low, awareness among Quebec residents is significantly higher than those in the rest of Canada. To gauge awareness of Canadian films, respondents were presented with a list of 17 recent Canadian films and asked if they had heard of them.[7] Of the 17 listed, on average, Canadians were aware of 6 films, with 67% showing a high level of awareness, 18% showing a medium level of awareness, and 15% showing a low level of awareness. While residents of Quebec were aware of an average of 9 of the 17 movies, with 92% showing high awareness, only 58% of those in the rest of Canada showed high awareness: 5 films on average.

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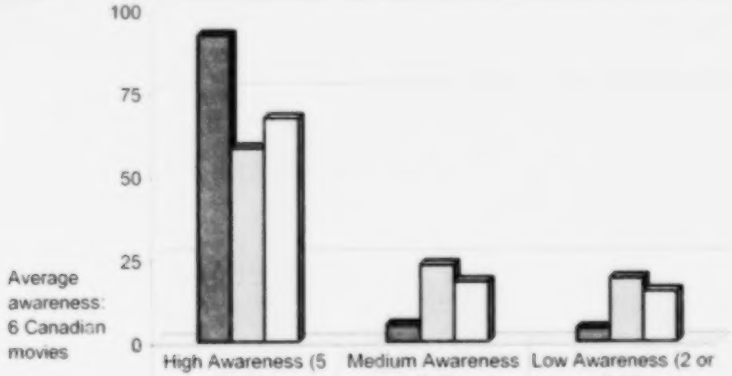
[7] Respondents were categorized based on their level of awareness of Canadians feature films, with "high awareness" being 5 or more films, "medium awareness" being 3 to 4 films, and "low awareness" being 2 or fewer films, based on the feature films listed in the survey.

Figure 2.21 Canadians' awareness of Canadian feature films (%)



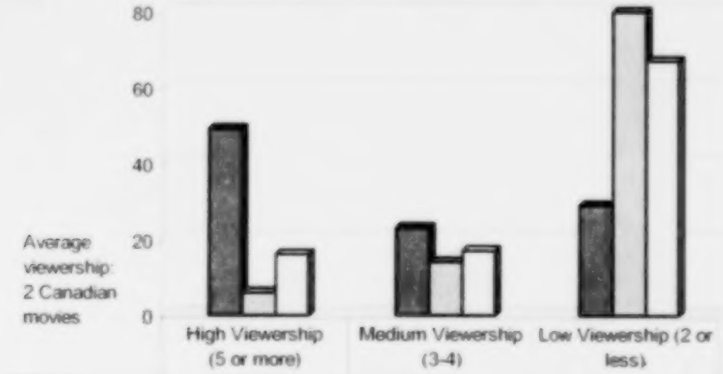
	High Awareness (5 or more)	Medium Awareness (3-4)	Low Awareness (2 or less)
■ Quebec	92	5	4
☐ Rest of Canada	58	23	19
☐ Overall	67	18	15

Source: Decima Research, *Canadian Film and Music Opinion Study*, July 2005
Note: "Awareness" was determined by respondent selections from a list of 17 recent Canadian movies. Respondents were also permitted to name "other" Canadian movies.

Viewership of Canadian Feature Film

In a similar manner to awareness, overall viewership of Canadian feature films is quite low, though again, viewership among Quebec residents is considerably higher than those in the rest of Canada. As Figure 2.22 shows, Canadians reported having seen only 2 of the 17 films listed in the survey, with only 16% showing a high level of exposure (5 or more films) and 67% showing a low level of exposure (2 or fewer films).

Figure 2.22 Canadians' viewership of Canadian feature film (%)



	High Viewership (5 or more)	Medium Viewership (3-4)	Low Viewership (2 or less)
■ Quebec	49	23	29
☐ Rest of Canada	6	14	80
☐ Overall	16	17	67

Source: Decima Research, *Canadian Film and Music Opinion Study*, July 2005
Note: "Viewership" was determined by the number of films seen by respondents from a list of 17 recent Canadian movies. Respondents were also permitted to name "other" Canadian movies.

Attitudes Towards Canadian Feature Film

Canadians were asked about the extent to which they agreed[8] with a number of statements about Canadian film, including the following: "I think it is important that Canadian movies can be seen in movie theatres in Canada", and "I think it is important that Canadian movies can be seen on Canadian television." The vast majority of Canadians agree that it is important that Canadian films be available in movie theatres in Canada, as well as on Canadian television 84% and 83% respectively. It should be noted, however, that residents of Quebec showed significantly higher levels of agreement with these statements than those in the rest of Canada.

Canadian films seem to have fairly low visibility among most Canadians. Respondents were presented with the statements: "Most Canadian films are not available in movie theatres", and "Most Canadian films are not available in video stores." Forty-two percent of Canadians agreed that most Canadian films are not available in movie theatres, and another 30% were neutral on the question (evidently not knowing either way). Thirty-one percent of Canadians agreed that most Canadian films are not available in video stores, and another 33% did not know. Canadians were also presented with the statement: "More people would watch Canadian movies if they were promoted and advertised better." Seventy-two percent of Canadians were in agreement.

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[8] Respondents could "strongly agree", "somewhat agree", be "neutral", "somewhat disagree", or "strongly disagree." The percentages shown in Figure 2.23 represent the percentage of respondents who either "strongly agreed" or "somewhat agreed" with the statement.

Canadians were also presented with a number of statements regarding the quality of Canadian feature films. When presented with the statement: "Over the last couple of years, I think that the Canadian movie industry has begun to make better films", 68% of Canadians agreed. That said, whereas 81% of Quebec residents agreed with the statement, 64% from the rest of Canada agreed.

When presented with the statement: "The acting, directing and production quality of Canadian movies is as good as movies made in other countries", 62% of Canadians agreed, 23% were neutral, and just 15% somewhat disagreed or strongly disagreed. Again, however, residents of Quebec had more positive attitudes toward Canadian films, with 72% agreeing that the acting, directing and production quality of Canadian movies is as good as movies made in other countries.

Interestingly, though Canadians may have favourable views on the quality of Canadian films, they do not feel that the stories in these films relate to them. Only 28% of Canadians agreed with the statement: "The stories in Canadian films relate to me," with 35% remaining neutral. Even residents of Quebec displayed doubts about the relevance of the stories in Canadian films, with only 37% agreeing with the statement.

Figure 2.23 General attitudes toward Canadian film (%)

	Overall	Quebec	Rest of Canada
I think it is important that Canadian movies can be seen in movie theatres in Canada	84	91	81
I think it is important that Canadian movies can be seen on Canadian TV	83	86	82
More people would watch Canadian movies if they were promoted and advertised better	72	70	73
Over the last couple of years, I think that the Canadian movie industry has begun to make better films	68	81	64
The acting, directing and production quality of Canadian movies is as good as movies made in other countries	62	72	59
Most Canadian films are not available in movie theatres	42	30	47
American movies are better made than movies made in other countries	36	34	38
Most Canadian films are not available in video store	31	27	32
The stories in Canadian movies relate to me	28	37	25

Source: Decima Research, *Canadian Film and Music Opinion Study*, July 2005

Canadians, Movies, and Information Technologies

With the advent of the Internet and the increasing availability of high speed access, more Canadians can download movies and watch them on their home computers than ever before. The Internet is also a means by which people can get information about movies through downloading and watching trailers, reading reviews, etc. A study was conducted in May-June 2004 by the Canadian Internet Project to explore how online technologies are changing the lives of Canadians.[9]

Currently, very few Internet users (and, of course, even fewer Canadians in general) watch movies online. As seen in Figure 2.24, of those respondents who are Internet users, only 4.7% reported using it as a means to watch movies. In light of potential copyright violations committed by those who share and download movies via the Internet, it is quite probable that some Internet users who access films via online sources do not report doing so. Whatever the case, it is certain that as information technology continues to become cheaper, faster, and more user-friendly, many more people will be using the Internet to access and watch movies.

Figure 2.24 Canadians' reported frequency of access to selected online services (%)

Activity on the Internet	Incidence
Reading newspapers/magazines	54.5
Searching for medical information	54.4
Reading national/international affairs	53.1
Accessing travel information and arrangements	42.9
Visiting television station/network websites	31.8
Searching employment/classified listings	30.9
Listening to music	27.5
Downloading music	26.3
Playing video games	23.0
Visiting television show websites	19.1
Listening to the radio	18.0
Participating in auctions	13.2
Reading books	6.2
Watching movies	4.7
Watching television	3.8

Source: Canadian Internet Project, *Canada Online!*, October 2005

The data in Figure 2.25 further illustrate the extent to which the Internet's importance as a communications carrier for film and film culture will increase in the years to come. Respondents were asked to state how important the Internet is to them as a source of entertainment.[10] Young people (respondents 18-34 years of age) were more than three times as likely as those 55 years of age and older to view the Internet as important for entertainment.

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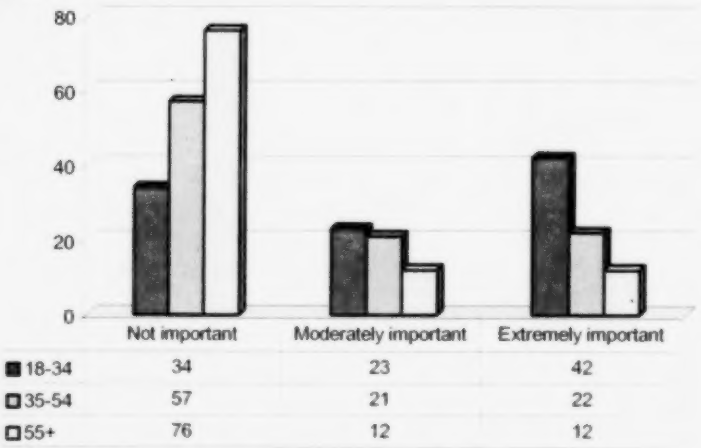
[9] A total of 3,014 Canadians aged 18 and older were surveyed over the telephone. 2,011 of the interviews were conducted in English by Research House in Toronto, 1,003 were conducted in French by CROP in Montreal. The statistical margin of error is 1.8%, 19 times out of 20.

[10] On a scale of 1 to 5 with 1 meaning "not important at all", 5 meaning "extremely important", and 3 meaning "moderately important."

Figure 2.25 Importance of the Internet for Canadians as a source of entertainment by age (%)

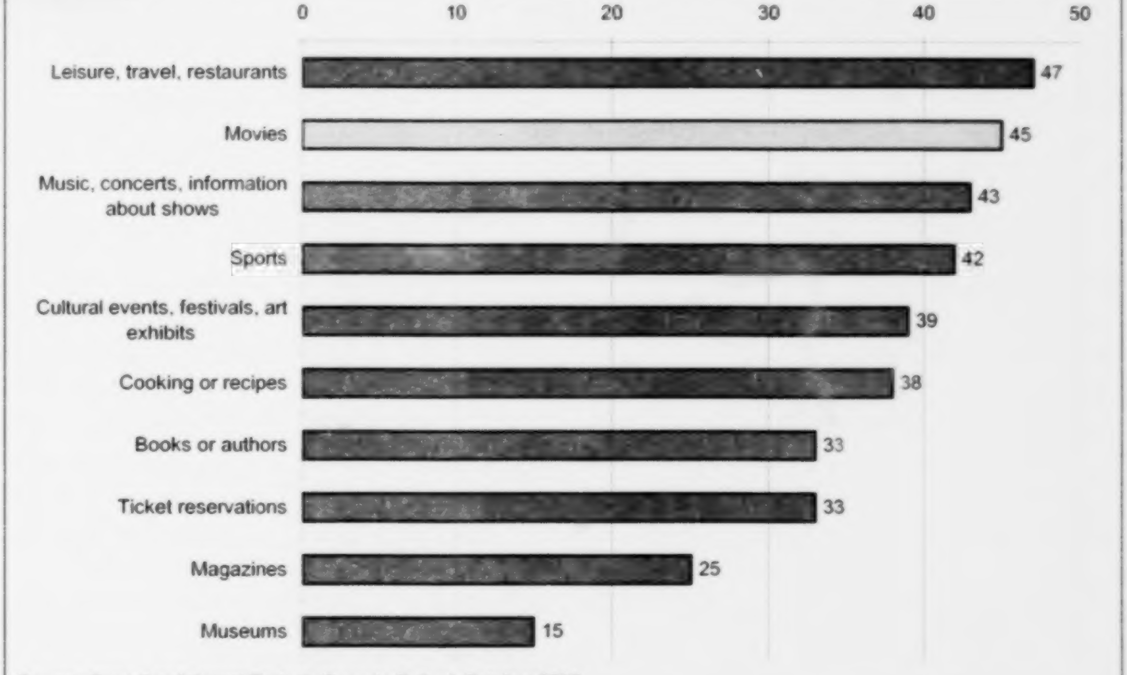


	Not important	Moderately important	Extremely important
■ 18-34	34	23	42
☐ 35-54	57	21	22
☐ 55+	76	12	12

Source: Canadian Internet Project, *Canada Online!*, October 2005

While the Internet may not currently be widely used to watch movies, it is widely used by Canadians as a means to get information about movies. Canadians who reported using the Internet were asked if they had visited websites dealing with a variety of subjects in the past three months. As Figure 2.26 shows, 45% reported having visited a website dealing with movies some time in this period. In fact, more Canadians reported visiting movie related websites than sites dealing with music, concerts, sports, cultural events, books, and cooking, among other things.

Figure 2.26 Types of websites most frequently accessed by Canadians by theme (%)



Source: Canadian Internet Project, *Canada Online!*, October 2005

Summary of Findings

The survey data presented here highlight a number of interesting factors that give pause for consideration when contemplating the best ways to build audiences for Canadian film. The following key points stand out:

- **Canadians watch movies at home far more frequently than in the theatre.**
- **When going to see movies in the theatre, story, starring actors, word-of-mouth, previews and advertising heavily influence movie selection.**
- **When renting movies, matters of content (such as story), matters of awareness (such as word-of-mouth), and matters of distinction (such as starring actors) heavily influence movie selection.**
- **Canadians' favourite movie genre is comedy, followed by drama, spy/thrillers, and action.**

- **Overall awareness and viewership of Canadian films is fairly low. Awareness and viewership of Canadian films among Quebec residents is significantly higher than among those in the rest of Canada.**

- **Most Canadians feel that it is important that Canadian films be available both in theatres and on television, though they are less certain as to whether Canadian films are readily available in these spaces.**

- **Many Canadians (particularly residents of Quebec) believe that Canadian films are of generally high quality.**

- **Many Canadians feel that the stories in Canadian films do not relate to them.**

- **Only a small number of Canadians use the Internet to watch movies, but this number is expected to rise.**

- **Many Canadians use the Internet as a source of information about movies.**

CHAPTER 3: SUMMARY OF RESPONSES TO THE INTERIM REPORT

A. INTRODUCTION

In the first round of its work on the evolving role of the federal government in support of Canada's feature film industry, the Committee heard from more than 180 witnesses and travelled to numerous cities to hold hearings as well as to conduct site visits. This process was quite productive as it enabled the Committee to identify many of the core issues facing the Canadian feature film industry. Consequently, the Committee decided to invite a second round of submissions that would provide industry input on specific questions gathered from these core issues.

In this second round, a detailed questionnaire was sent out to industry stakeholders. This questionnaire, consisting of 43 questions, asked respondents for their views on issues relating to creation and production, marketing, existing government support mechanisms, distribution and exhibition, governance of key federal film agencies, performance measures and targets, as well as a number of other general policy issues. The Committee received responses from 33 interested parties. The following chapter presents a summary of their comments.

B. CREATION AND PRODUCTION

Film creation is a complex process yet it is argued that the most important element for a successful film is a good script. With this in mind, the 2000 policy From Script to Screen provided more resources for script development with the intention that greater funds would result in a greater number of successful Canadian films. The Committee invited organizations and individuals to share their views on the 2000 feature film policy's "emphasis on support for the front-end phases of filmmaking such as scriptwriting and project development," with specific interest in three areas.

Stakeholders were first asked for their views regarding "What can be done to reallocate resources for scriptwriting?" Although the respondents agreed that more money for film development is required, there was no consensus as to where this money should come from. A number of respondents suggested reallocating the funds from the Screenwriters Assistance Program (SAP) toward development for future projects, because it was their view that the SAP has not been successful. The Writers Guild of Canada, however, argued that the success of the SAP cannot yet be gauged since it "is still in its infancy"[11] and that it should not only continue but should receive more funds. Other submissions made it clear that money should not be reallocated, since it was needed at all stages, and that scriptwriting required new money. As sources of new money, the Writers Guild of Canada suggested that private investment should be encouraged, and the Directors Guild of Canada suggested equitable sharing of Telefilm performance bonuses among producers, directors and screenwriters.

Stakeholders were then asked to share their views on "What can be done to increase resources for project development?" There was a consensus among respondents that more money was needed for project development and that the money provided must not simply be reallocated from other areas. As a means of finding new money, the National Film Board submitted that:

> As part of a regulatory demand, Canadian broadcasters should be enlisted to provide financial support to Canadian films, even at the development stage. Every major country with a thriving film industry achieves its success in part through financial support from broadcasters. In France, every film that is produced receives investment by one of the country's broadcasters be they public or private.[12]

No matter where the money comes from, however, it was submitted by the Producers Roundtable of Ontario that the Committee should "consider reviewing the allocation of Telefilm's resources on an annual basis"[13] as a means of maximizing the use of distributed funds.

Finally, stakeholders were asked if "support for script development and marketing [should] be offset by a reduction in the number of films that receive support?" Just over half of the respondents were of the opinion that such an approach would encourage Canadian films to be of a greater quality, rather than simply producing a greater number of films. However, the Société des auteurs de radio, télévision et cinema, as well as the Alliance of Canadian Cinema, Television and Radio Artists submitted that "Starving the system will not produce better films, it will only result in fewer films."[14] Moreover, the Writers Guild of Canada submitted that "increased volume is also key to competing with Hollywood films that easily outnumber Canadian films."[15]

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[11] Brief submitted by the Writers Guild of Canada, 29 September 2005, p. 2.

[12] Brief submitted by the National Film Board, June 2005, p. 1.

[13] Brief submitted by the Producers Roundtable of Ontario, 9 September 2005, p. 1.

[14] Brief submitted by the Alliance of Canadian Cinema, Television and Radio Artists, 23 August 2005, p. 2.

[15] Brief submitted by the Writers Guild of Canada, 29 September 2005, p. 3.

C. MARKETING

According to the Motion Picture Theatres Association of Canada,

> Our members are retailers and they have to have people coming into the store, so to speak, so they are looking for product that will be attractive. It's not country-based at all, there is no shortage of screens for films that are well-marketed, and with subject matter that interests the audience.[16]

Marketing and promotion, therefore, play a crucial role in determining whether a Canadian feature film reaches its intended audience. The importance of having a comprehensive marketing and promotion plan in place well in advance of a film's release cannot be over-emphasized. However, evidence received by the Committee during its examination of the Canadian feature film industry clearly shows that Canadian films are not being marketed effectively.

Size of Marketing Budgets

Commercially successful filmmakers often spend as much or more money marketing a film as they do making the film. Canada's feature film policy suggests that the average marketing budget for a $5 million film should be approximately $500,000. The Committee asked organizations and individuals if this sum is sufficient.

Respondents noted that although the 2000 From Script to Screen policy successfully increased the funds available for the marketing of Canadian films, they were almost unanimous in saying that those marketing funds remain too low to give English Canadian films the best opportunity to attract audiences when competing with well-financed foreign (mostly Hollywood) fare.

Some called for a marketing budget that is in some way proportional to a film's production budget. For example, the National Film Board and the Directors Guild of Canada both suggested that the average marketing budget for a feature film be between 33% to 50% of the production budget.

Others took a different tack. The Canadian Association of Film Distributors and Exporters stated that the marketing budget is more logically tied to the quality and market potential of the finished film than its production budget. This was echoed by the Canadian Film and Television Production Association (CFPTA), which said it was not convinced that there is a discernable link between the cost of production and the cost of marketing, except in very rare instances; however, there is a direct correlation between the cost of marketing and the size of the public being targeted. The CFTPA therefore suggested that the marketing budget be based not on a percentage of the production budget but rather relative to the size of the population in each linguistic market and the cost of reaching that population.

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[16] Brief submitted by the Motion Picture Theatres Association of Canada, September 2005.

> Knowing to whom a particular film is targeted is also crucial. For example, in reference to the national and international success of *The Corporation*, the National Film Board pointed out the importance of specialized targeted marketing campaigns specific to themes treated in a documentary.

In addition to a call for overall increased funding for marketing, respondents offered different views on how marketing funds should be directed. British Columbia Film and the Canadian Film and Television Production Association suggested a variety of different approaches to raising awareness of Canadian films and building audiences be used, including grassroots initiatives such as the First Weekend Club and Moving Pictures Festival.

Similarly, to the Producers Roundtable of Ontario, television advertising is the missing component in the marketing practices of Canadian distributors. Rather than focusing on the marketing budget, ways to enhance the marketing of feature films by Canadian broadcasters should be examined.

New Financial Instruments?

Asked if new financial instruments are required to support the marketing of Canadian films, respondents were in agreement that these should be explored.

The CFTPA and the Nova Scotia Film Development Corporation recommended that the Government of Canada work with private sector interests such as distributors, exhibitors and broadcasters to establish a new private-public sector marketing and advertising fund that is specifically designed to raise audience awareness in the lead-up to the release of a Canadian feature film in theatres and in the pay-per-view and video-on-demand broadcast windows. The Ontario Media Development Corporation suggested financial incentives for exhibitors showing Canadian film and the possibility of government-owned and run screens.

The National Film Board recommended that "resources be made available for the creation of the Canadian FILM promo site, requiring an investment of $500,000 per year for four years. The web site would promote Canadian features and animated shorts. It would contain information, excerpts and biographical notes on Canadian films."

The Nova Scotia Film Development Corporation and Canadian Motion Picture Distributors Association recommended that non-Canadian distributors be allowed to distribute Canadian films. These organizations suggested that "distribution is a competitive industry and if an American or other international distributor is willing to commit resources to market a Canadian film then this should be permitted under the current funding system."

Greater involvement of Canadian broadcasters in promoting and exhibiting Canadian films was also suggested. For example, broadcasters could allocate a share of their budgets for this purpose.

The Writers Guild of Canada proposed that a 5% federal tax be charged on the revenues of all film and video distribution, with the proceeds used to support the production and distribution of Canadian feature films. This tax would apply to both Canadian and foreign distributors.

Differences Between the English and French-language Markets

Respondents were also asked to consider to what extent the difference between the levels of success in Canadian French-language and English-language feature films is due to differences in marketing budgets. Many observed that while it may be true that some Quebec films may have larger marketing budgets than English Canadian films, the greater difference lies in the market itself.

The Alberta Motion Picture Industries Association pointed to Quebec's "years of consistent production of films from every category and genre — in a province where a star system exists and there is strong support for culture generally and for Quebec culture specifically" as an explanation for why Quebecois are so enthusiastic about their indigenous films.

Very many observers (including the Canadian Association of Film Distributors and Exporters, Cineplex, Directors Guild of Canada, National Film Board, Nova Scotia Film Development Corporation and Société des auteurs de radio, télévision et cinéma) further noted the fact that Quebec's linguistic and cultural market is not as dominated by American culture and media in the same way as is English Canada. Moreover, Quebec films are heavily cross promoted within all French-language media, including television, magazines, feature films and radio. Together this has resulted in a star system that so far does not exist to any significant degree in English Canada.

The Quebec star system was also lauded by many observers as a key to the thriving Quebec film industry. The Directors Guild of Canada recommended that the CRTC introduce regulatory requirements that ensure broadcasters support the creation of a star system in English Canada.

Encouraging the Production and Exhibition of Trailers

Focusing on the subject of movie trailers shown in cinemas, respondents were asked what specific public and private incentives could be put in place to encourage the exhibition of trailers for Canadian films.

Several observers noted that exhibitors are not at all averse to showing trailers for Canadian films as long as those trailers are part of a coherent, comprehensive and well-conceived marketing plan (Cineplex, CFTPA, Canadian Motion Picture Distributors Association, Directors Guild of Canada, Motion Picture Theatre Association of Canada). This points once again to the importance of an appropriate marketing and promotional plan well in advance of a film's release. Several respondents recommended increased funding to ensure the creation of trailers and other crucial marketing materials.

The idea of some form of tax incentive or deduction for every screening of a Canadian film's theatrical trailer was proposed by some observers (The Alberta Motion Picture Industries Association, Alliance of Canadian Cinema, Television and Radio Artists, Film Ontario, National Film Board).

The National Film Board suggested that trailers could be shown on the proposed Canadian film promotional website or other Government of Canada cultural websites.

Because the distribution and exhibition of films in Canada falls within provincial jurisdiction and thus Canadian content quotas cannot be mandated by the federal government, it was recommended by the CFTPA that the Minister of Canadian Heritage investigate with her provincial counterparts the possibility of introducing minimum quotas for film trailers in Canadian cinemas.

Several observers noted that television is an important source for viewing film trailers and suggested that television broadcasters be obliged to show Canadian films and trailers as a condition of their broadcasting licence, and that they should be able to use the broadcast of those films and trailers toward their Canadian content requirements (Alberta Motion Picture Industries Association, Film Ontario, National Film Board, Producers Roundtable of Ontario and the Writers Guild of Canada).

D. EXISTING SUPPORT MECHANISMS

Are They All Needed?

There are currently several different agencies whose operations affect the character of feature film in Canada — Telefilm, Canadian Television Fund, National Film Board and the Canada Council for the Arts. Respondents were asked for their views on whether "all of these agencies are required" and "to what extent is there a duplication of service?"

Many respondents felt that each agency had an important role to play in furthering the goals of Canada's feature film policy, and that their respective functions and mandates were quite different. According to the Producers Roundtable of Ontario, Telefilm administers the CTF's feature film funds as well as the Canada Feature Film Fund, the NFB specializes in producing documentaries and Canada Council is focused on more experimental work. The Canadian Independent Film and Video Fund commented:

> It is important that there are different sources of funding as well as different types of professional development available to producers as the concept of 'one-stop shopping' does not work in the cultural/creative sector.[17]

Some, such as the Canadian Film and Television Production Association, and the Ontario Media Development Corporation seemed to agree that all of the agencies may be needed, but that the existence of numerous feature film agencies is quite complex nonetheless, and that a clarification of their roles and some measure of streamlining is desirable. The Canadian Film and Television Production Association, British Columbia Film, and the Nova Scotia Film Development Corporation, however, argued that all of the existing agencies are not required.

With several different agencies involved in feature film, each administering funding programs or in the case of the National Film Board, undertaking in-house film production, the Committee asked respondents, "To what extent is there a duplication of service?"

Some respondents saw very little duplication and recognized that while there is some duplication that exists between the Telefilm and CTF roles in funding feature film (Telefilm currently administers $15 million in feature film funding that has been allocated to the CTF) they pointed out that the Department of Canadian Heritage is currently addressing this issue. The Société des auteurs de radio télévision et cinéma also remarked that, "what some regard as duplication represents for others an additional source of funding, which contributes to completing the financial structure of a film."[18]

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[17] Brief submitted by the Canadian Independent Film and Video Fund, 9 September 2005, p. 2.

The Nova Scotia Film Development Corporation and the Producer's Roundtable of Ontario in particular, however, saw the objectives, policy, analysis and funding of the film agencies as frequently overlapping.

Are They Working?

Recognizing the importance of Canada's funding support agencies to an effective feature film policy, the Committee asked respondents for their general views on how these agencies could be improved.

Some of their suggestions have been identified in other sections of this summary of the submissions received. For instance, respondents pointed to industry representation on agency boards, and clarification of agency mandates as possible improvements.

A number of organizations saw increased funding as a way to improve the performance of government support agencies. The National Film Board was particularly insistent that it was not being provided with adequate funding to support its mandate:

> While the CBC/SRC's parliamentary allocation is today 18% lower than it was in 1995, Telefilm's 6% lower, the NFB's allocation is 32% lower. The NFB needs fair and adequate resources to do the job and to ensure long-term sustainability.[19]

The Ontario Media Development Corporation stressed a need for more flexibility built into the policies of the funding agencies, as "It is only natural that the policies fall behind the realities of a rapidly evolving production environment and the needs of creators."[20] Similarly, British Columbia Film pointed out that the funding system has to be more flexible so as to allow producers and filmmakers to make more commercially viable projects that are worthy of investment. The Alberta Motion Picture Industries Association mentioned that streamlining the decision-making process in the funding agencies and increasing regional decision-making authority would be advantageous. Finally, the Nova Scotia Film Development Corporation stressed that Telefilm and the Canadian Television Fund must be made more accountable for the decisions they make. The Corporation also suggested that the distribution arm of the National Film Board be exploited more fully to provide distribution support for Canadian filmmakers.

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[18] Brief submitted by the Société des auteurs de radio télévision et cinéma, September 2005, p. 4.

[19] Brief submitted by the National Film Board, June 2005, p. 6.

[20] Brief submitted by the Ontario Media Development Corporation, 15 September 2005, p. 2.

In addition, a number of respondents showed support for the idea of integrating or harmonizing the work of the existing government agencies where opportunities for such an approach arise. For example, the National Film Board pointed out that, "There are many instances that suggest we are locked in or constrained by the way we view our mandates. Why not work together to develop common goals."[21]

How Could They be Improved?

Effective government support for feature film is, to a significant extent, about providing financing to filmmakers in an efficient manner. Recognizing the crucial role that efficient financing structures play in a feature film policy, the Committee asked respondents, "what should be done about specific film financing issues (e.g., the application process, the control of a film's copyright, the grind, clawbacks, the Telefilm's decision making process, performance envelopes)."

As a common theme, respondents mentioned that Telefilm's requirement that the full Canadian Film or Video Production Tax Credit (CPTC) (discussed later on in this Chapter) go into the project financing structures is problematic for production companies. As the Nova Scotia Film Development Corporation said:

> The original policy objective of the federal tax credit was to allow companies to build their infrastructure. Telefilm mandates that producers include the full amount of the tax credit in production financing plans, which is contrary to the original objective of the tax credit program.[22]

A considerable number of respondents drew attention to the fact that under current rules, Telefilm investment in a feature film is deducted from the amount of the federal tax credit a producer is able to access. This practice is known as "the grind" and as the Canadian Film and Television Production Association explained, it "effectively reduces the end benefit of the tax credit. Removing these rules would be beneficial in terms of better financing a project and allowing a company to build corporate capacity."[23]

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[21] Brief submitted by the National Film Board, June 2005, p. 7.

[22] Brief submitted by the Nova Scotia Film Development Corporation, 30 August 2005, p. 2.

[23] Brief submitted by the Canadian Film and Television Production Association, 15 September 2005, p. 8.

Some respondents also pointed out that Telefilm's recoupment practices for its financing of English-language productions are putting it in a position ahead of the producers. It was pointed out that French-language producers enjoy a better recoupment position because of certain requirements imposed by the Société de développement des enterprises culturelles.

As will be explained in Chapter 4, Telefilm financing can be accessed through two different envelopes, or streams: a selective one and a performance one. The selective assesses projects on qualitative grounds in a highly competitive environment, whereas the performance envelope awards funds automatically to those filmmakers whose previous films have experienced a certain level of box-office success. The Canadian Film and Television Production Association endorsed the use of performance envelopes as this mechanism "allows for greater predictability transparency and objectivity in the direct assistance support system. It also provides greater flexibility for more experienced producers who have a proven track record."[24] There was, however, some concern on the part of the CFTPA that the performance envelopes were not structured as effectively as they could be. Consequently, the organization suggested that the methodology that is currently used to calculate the envelopes be reviewed with an aim to expanding the performance measures. It was further suggested that the resources allocated to the performance envelopes be expanded. The Association des réalisateurs et réalisatrices de Québec, however, strongly disagreed with performance envelopes, maintaining that they only serve to privilege a small number of directors and producers.

Some respondents also mentioned that the application process to secure financing is overly complex and that it would be advantageous to have a simplified, harmonized application process.

In addition, British Columbia Film, and the Nova Scotia Film Development Corporation raised some issues about the regional dimensions of film finance. British Columbia Film was concerned that Telefilm's Canada Feature Film Fund was not taking into consideration the different levels of development of the film industry across Canada, and that, "Funds are allocated to regions of the country where the film industry is more established and as a result there is a lack of cultural representation."[25] The Nova Scotia Film Development Corporation took issue with the Canadian Television Fund's decision to eliminate regional bonuses and implement an envelope funding system, claiming that this has had a negative effect on the Atlantic and Prairie Provinces. Finally, Film Ontario suggested that there are a number of explicit and implicit regional disincentives to shoot films in Toronto (English Canada's leading production centre) and that any such disincentives should be removed.

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[24] Ibid., p. 9.

[25] Brief submitted by British Columbia Film, 14 September 2005, p. 5.

While existing support mechanisms (direct support from government agencies such as Telefilm and indirect support in the form of tax credits) assist filmmakers for the production of specific film projects, little or no funding is available to help sustain production companies (i.e., film production infrastructure). The Committee therefore asked respondents if "... a separate mechanism to support production companies should be developed." And, "If yes, who should manage such a program?"

Respondents had mixed views on this matter. The Ontario Media Development Corporation supported a slate funding program similar to that which is available in the United Kingdom:

> The U.K. program allows eligible companies to use a portion of their slate fund as working capital, as well as applying the funding toward individual projects. Making this type of funding available for Canadian producers would enhance their long-term stability.[26]

In addition, the Canadian Film and Television Production Association suggested a new tax based fiscal incentive administered by the Canada Revenue Agency.

Several respondents, such as the Producers Roundtable of Ontario, and the Alberta Motion Picture Industries Association, made it apparent that a new mechanism is unnecessary and that correcting some of the problems with the existing film finance mechanisms (referred to above) would strengthen production companies. A number of respondents such as the Writers Guild of Canada, and the Société des auteurs de radio, television et cinéma thought that the current focus on the funding of film projects is entirely appropriate for a creative industry:

> Why should we be concerned about the fact that companies work on a project by project basis, when that is the norm for creators and artists. Despite the gaps in current funding, there is no lack of production companies. And the success of our cinema is not necessarily based on the longevity of production houses.[27]

Tax Credits

The federal government's existing film tax credits — the Canadian Film or Video Production Tax Credit (CPTC) and the Production Services Tax Credit (PSTC) — have become important measures for encouraging film production in Canada. Yet it is also important that these tax credits be thoughtfully designed to ensure their benefits will flow to

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[26] Brief submitted by the Ontario Media Development Corporation, 15 September 2005, p. 3.

[27] Brief submitted by the Société des auteurs de radio, télévision et cinéma, September 2005, p. 4.

Canadians while not being overly restrictive or inaccessible so that they remain attractive to investors. The Committee, therefore, asked respondents whether these tax credits were sufficiently flexible.

Numerous respondents were concerned that the system of tax credits did not allow producers access to funds in a timely manner. According to the Canadian Motion Picture Distributors Association:

> Federal tax incentives do not create cash flow for film producers until up to 18 months after a production shoot is completed. Thus, the amount actually available to fund production is reduced by the cost of the bridge financing required until the tax credits are received. The Government should accelerate the payout of tax credits by a system of advances.[28]

In addition, the Producer's Roundtable of Ontario felt that the administration of tax credits from application to audit to payment should be streamlined, "to minimize the amount of money that is being diverted to pay for interest (producers borrow against the tax credits to complete their production financing)."[29]

Some singled out the Canadian Film or Video Production Tax Credit as being insufficiently flexible. The Ontario Media Development Corporation thought it was problematic that if a producer receives a provincial tax credit it is considered government assistance and deducted from the amount of the federal CPTC tax credit. The Canadian Film and Television Production Association and the Nova Scotia Film Development Corporation both felt that there was a need to recognize non-Canadian participation in projects:

> Non-Canadian participation in the development or production of projects is a common practice which should not disqualify a production from accessing the CPTC.[30]

The Writers Guild of Canada, however, maintained that the federal tax credit schemes are sufficiently flexible, and that the criteria for the CPTC in particular must be maintained to ensure that the credit benefits Canadian content productions created by Canadians.

Zoë Druick and Catherine Murray of the School of Communication, Simon Fraser University viewed the tax credits as being *too* flexible, and felt that their effect on the industry should be studied further. Both the National Film Board and David Newman of the

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[28] Brief submitted by the Canadian Motion Picture Distributors Association, 15 September 2005, p. 5.

[29] Brief submitted by the Producers Roundtable of Ontario, 9 September 2005, p. 3.

[30] Brief submitted by the Canadian Film and Television Production Association, 15 September 2005, p. 12.

School of Communication, Simon Fraser University thought that the federal tax credits should be reviewed, as tax credits are also offered by the provinces.

Recognizing that the purpose of the Canadian Film or Video Production Tax Credit (CPTC) is to encourage the production of Canadian content films that use Canadian talent, the Committee also canvassed opinion on whether the incentive "should be increased to reward the use of a greater number of Canadians." There was widespread support for this idea among respondents, many recommending the credit be increased to 30%. Some recommended a scaling system of tax credits where productions that achieve more Canadian content points would be eligible for higher tax credits. Only the National Film Board dissented, arguing that the CPTC is already generous enough.

Encouraging Private Investment

As noted in the Committee's Interim Report, in 2003-04 CAVCO certified Canadian films received financial support of 60% of their production budgets from direct and indirect government sources.[31] This statistic highlights the extent to which Canadian filmmakers have become dependent on government financial support. With this in mind, respondents were asked for their opinions on "What can be done to encourage greater private investment in Canadian feature films?"

Respondents had a number of ideas as to how greater private investment in Canadian feature film could be achieved. Most respondents agreed that some sort of new financial incentive was required. The Alliance of Canadian Cinema, Television and Radio Artists as well as the Motion Picture Theatre Associations of Canada argued for a return of capital cost allowance provisions.

The Ontario Media Development Corporation suggested changes to the existing tax credit legislation that would "allow more private investment in productions, including investment from Canadian and foreign distributors and broadcasters."[32] Similarly, for Film Ontario, "Private investment needs incentive: tax incentives are the only sure way to create a climate of acceptable risk."[33]

The Alberta Motion Picture Industries Association proposed that private investors be given preferential recoupment on their investments. The Directors Guild of Canada and the

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[31] Standing Committee on Canadian Heritage, Interim Report on the Canadian Feature Film Industry, June 2005, p. 15.

[32] Brief submitted by the Ontario Media Development Corporation, 15 September 2005, p. 3.

[33] Brief submitted by Film Ontario, September 2005, p. 4.

Writers Guild of Canada both felt that greater private investment could be harnessed if the CRTC required private conventional broadcasters to increase their support for Canadian features.

The Writers Guild proposed that broadcasters be required to spend a minimum of 7% of their gross advertising revenue on Canadian drama and that each private station be required to commission at least two hours of original 10-point Canadian drama per week.

E. DISTRIBUTION AND EXHIBITION

Ownership Rules for Film Distributors

Current policies require that Canadian feature films be distributed in Canada by Canadian-owned and controlled distribution companies. This policy is enforced by all major public funding sources for the production of Canadian feature films, which make it a condition of obtaining funds.

This policy has been the subject of considerable attention and debate during the Committee's examination of the Canadian feature film industry. Organizations and individuals were asked if current ownership rules for film distributors inhibit access to Canadian feature films, and so, what could be done.

Respondents were divided on whether these ownership rules in fact restrict access to Canadian films. Stating that "good, commercially profitable, appealing films can come from any source and be distributed based on those characteristics," Cineplex is of the view that ownership rules do not inhibit access to Canadian funds.[34]

This view was seconded by the National Film Board and the Canadian Film and Television Production Association. The CFTPA, although content with the current ownership rules, argued that Canadian-owned and controlled distribution companies could put significantly more effort into properly marketing and releasing Canadian feature films, particularly in English Canada. It recommended that:

> Canadian-owned and controlled distribution companies be incited to develop and implement more effective marketing and releasing strategies for Canadian feature films, particularly in English Canada where the market is so large and the foreign competition extremely fierce.

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[34] Brief submitted by Cineplex Galaxy, 15 September 2005, p. 4.

The idea of greater encouragement and incentives to distribute Canadian films was also put forward by the Producers Roundtable of Ontario, which stated that while the rules don't seem to inhibit access, they don't appear to protect access.

On the other hand, the Alberta Motion Picture Industries Association, Film Ontario, and the Nova Scotia Film Development Corporation claimed that the current rules do inhibit access and suggested allowing foreign distributors, which sometimes have greater financial assets, to distribute Canadian films in Canada.

Ownership Structure of Film Exhibitors

With respect to whether the ownership of film exhibitors inhibits access to Canadian feature films, again responses were mixed.

Several respondents felt that the nationality of the ownership has no bearing on the ability to access screens for Canadian films (Canadian Association of Film Distributors and Exports, Canadian Film and Television Production Association, Cineplex). Some observed that the purchase of the Famous Players chain by Cineplex Galaxy and the recent acquisition of Empire Theatres places a majority (96%) of theatrical screens in Canadian hands. Some concern was expressed that this situation gives Cineplex Galaxy a "virtual monopoly" in the marketplace. It is worth noting that in Quebec, the majority of cinemas are independently owned and thus there were no concerns regarding monopolies.

Other respondents, including the National Film Board, Nova Scotia Film Development Corporation and Alberta Motion Picture Industries Association, were of the opinion that ownership rules do in fact inhibit access. Several observers urged supporting the initiatives of independent art house exhibitors and smaller chains, investment in alternative forms of exhibition including digital cinema, the development of a strong film promotion agency and the imposition of screen quotas or levies to encourage the exhibition of Canadian films.

The Alliance of Canadian Cinema, Television and Radio Artists suggested that the separation of distribution rights for the Canadian and U.S. markets for independently produced foreign movies would provide additional resources to Canadian companies that could be invested in Canadian movies. These companies provide important support for Canadian productions through the payment of licence fees and royalty costs to Canadian producers. In the view of ACTRA, it is crucial, therefore, that these Canadian companies be strengthened in ways that will enable them to both compete on a level playing field with foreign distributors and enhance the exposure of Canadian feature films in Canada. They further noted that to have a strong and healthy film distribution sector, it should not be dominated by two or three players.

New Support Instruments?

Asked to consider whether new financial instruments are required to support the distribution and exhibition of Canadian films, some respondents felt that increasing funding for the marketing and promotion of Canadian films and minimum commitments for marketing and promotion would greatly assist their distribution (Canadian Association of Film Distributors and Exporters, Cineplex, Directors Guild of Canada and Motion Picture Theatre Associations of Canada). Others suggested that opening distribution to foreign companies would be of assistance.

Noting the greater emphasis now placed by the government film policy on building audiences in Canada, the Canadian Film and Television Production Association recommended that the Government of Canada initiate a specific review of the Canadian distribution sector with a view to implementing more effective measures to help ensure greater access to Canadian feature films by audiences at home and abroad.

Respondents offered various options to enhance the distribution and exhibition of Canadian films. The Directors Guild of Canada suggested that a 5% tax on the theatrical and video distribution revenues of all films distributed in Canada could be used to subsidize the production and exhibition of Canadian feature films. The Producers Roundtable of Ontario said that the obligations of Canadian broadcasters should be expanded to encourage the airing of Canadian trailers. In addition, Canadian airlines could be encouraged to show Canadian films among their in-flight movies.

A slightly broader perspective was taken by the National Film Board, which again stressed the value of funding to establish new distribution systems such as digital cinema. Noting that exposure to Canadian films is not limited to cinemas but can occur in very many different venues from home theatres to educational institutions and libraries, the Canadian Independent Film and Video Fund recommended that greater financial assistance be given to non-theatrical distributors.

The Federal Role

The licensing of films for distribution and exhibition in Canada is a matter of property and civil rights and as such falls wholly within provincial jurisdiction under section 92(13) of the *Constitution Act, 1867*. With this in mind, respondents were asked to propose ways in which the federal government could work with the provinces to encourage the distribution and exhibition of Canadian feature films.

In general respondents supported the idea that federal, provincial and municipal governments work together to improve the performance of Canadian feature films. Suggestions included the development of a cohesive national initiative or strategy, complementary policies and programs for distribution and exhibition, and joint ventures on marketing and distribution.

Acknowledging the current constitutional reality, the Nova Scotia Film Development Corporation suggested the provinces cede legislative responsibility for distribution and exhibition to the federal government. In this same spirit, Cineplex suggested the possibility of a single Film Classification Board for the entire country. This would reduce the costs incurred by film distributors who are currently required to have their film "rated" in each province separately. The time and money saved by the distributors in this process would be better used in support of marketing the film. The same can be said for government. One rating process across the country would save substantial dollars for each provincial government and those monies could be better invested in supporting filmmaking and marketing in their respective communities.

The idea of tax incentives was raised, such as permitting the ticket sales of Canadian films be GST or provincial sales tax-free or eliminating entertainment taxes to reduce overall ticket prices and encourage movie-going generally.

The Motion Picture Theatre Associations of Canada cautioned against screen quotas and noted that exhibition and cinema-going is a free market phenomenon and consumer behaviour cannot be easily mandated by legislation.

Proposed Exhibition Strategies

Finally, respondents were asked to consider other exhibition strategies that could be used to develop audiences for Canadian films and the role the federal government could play in this regard.

Observers responded enthusiastically with a range of suggestions and options.

The success of the First Weekend Club, The Film Circuit and Moving Pictures had many observers calling for more robust funding of those ventures as well as purely local festivals and independent theatres that have similar initiatives. The Canadian Association of Film Distributors and Exporters said that these can nicely supplement the work being done by private sector distribution companies in supporting Canadian cinema. At the same time, it cautioned against spending valuable government money supporting initiatives that do not have support of the distribution sector.

Indeed, the Nova Scotia Film Development Corporation noted that some First Weekend Club initiatives have attained success in the past only to have exhibitors pull the Canadian films in favour of distributors with heavily promoted and financed foreign films. This makes it essential that the government work directly with distributors and exhibitors.

There was considerable attention paid to the exhibition of Canadian features films outside of the mainstream cinemas. The Canadian Independent Film and Video Fund, among others, enthusiastically supported the non-theatrical viewing of films in such wide-ranging venues as primary schools, secondary schools, colleges, universities, public libraries, special libraries, museums, art galleries, festival screenings, community groups, women's, gay and lesbian organizations, Aboriginal organizations, social services and hospitals, business and industry, health institutions, airlines, cruise ships and the retail market.

With respect to the educational sector as a potential venue for non-theatrical exposure to Canadian films, many respondents suggested further support for and enhancement of the REEL Canada project that brings Canadian films to Ontario schools. Adding the study of Canadian media, including films, to secondary school curriculum was also suggested by some.[35] Respondents argued that these strategies could help grow young Canadians' interest in Canadian film, and would, in the longer term, help build audiences for these films. It is for these reasons (and others) that the Canadian Film and Television Production Association and the Canadian Independent Film and Video Fund recommended that the feature film policy be expanded to recognize audience and exhibition strategies beyond commercial cinemas.

Other commentators suggested working to enhance the international visibility of Canadian feature films. The Directors Guild of Canada and the Documentary Network suggested asking Canadian embassies and agencies to arrange screenings or other activities to promote Canadian films.

The National Film Board again raised the idea of a national film promotion agency as a way to help develop a film culture in Canada.

Other suggestions included distributors offering discounted tickets or coupons toward ticket purchases of theatrical releases, and some form of lottery revenue-sharing scheme.

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[35] As education is a matter of provincial legislative jurisdiction, this would require provincial agreement.

Alternate Distribution and Exhibition Methods

During the course of the Committee's study witnesses frequently mentioned the potential advantages of d-cinema and e-cinema.

D-cinema (digital cinema) is a form of technology for showing movies in theatres. Movies are produced in digital format, which allows for much easier and wider distribution than is currently possible with analog film. The exhibition of a digital film requires specialized equipment including computers for the storage of the film and digital projectors and special screens for their display. There is a significant amount of international activity on the digital cinema front, particularly in the United Kingdom.[36]

E-cinema (electronic cinema) is a term that refers to a variety of presentations of digital material from independent movie projection to live event broadcasting.

It has been suggested that the development of an alternative distribution system using new exhibition methods such as e-cinema and d-cinema be explored. Respondents were asked whether such a system is feasible, the likely costs of such a system and how these systems might be developed.

Responses on the feasibility and cost of e-and d-cinema were mixed.

Digital cinema is enthusiastically supported by the National Film Board, which suggests it is feasible at a cost of approximately $50,000 per venue of 150-200 seats. David Newman of the School of Communications, Simon Fraser University, is equally supportive of digital cinema and puts the cost of implementing it "in the region of US$100,000 per cinema."[37]

The National Film Board suggests that the Government of Canada invest in the deployment of digital cinema. Similarly, the Documentary Network proposed that the Department of Canadian Heritage contribute towards this end and that one part of digital cinema project be reserved for the exhibition of documentaries.

The Association des propriétaires de cinémas et ciné-parcs suggested that the cost of transitioning to digital cinema be borne by those who will most profit: the distributors.

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[36] See Chapter 4.

[37] Brief submitted by David Newman, Simon Fraser University School of Communication, September 2005, p. 4.

Other observers were more cautious. While noting the potential for digital cinema to transform the distribution of Canadian films, the Alliance of Canadian Cinema Television and Radio Artists stated:

> It is perhaps too early to comment on costs in Canada; however the UK government-funded initiative is important to watch as the goal of the implementation is to support British film and specialty programming. An initiative such as this in Canada would have the potential to positively change the landscape of Canadian cinema.[38]

The Canadian Association of Film Distributors and Exporters placed the burden for carrying the costs of the digital transition on the private sector:

> Any alternate distribution system should be initiated and financed from the private sector. Changing technology and delivery systems have produced much speculation about potential new distribution systems and business methods. While change is certain, there is no clear business and technology model that has been embraced by the exhibition sector. In an era when current government feature film funding is oversubscribed we do not feel that new government resources should be invested in untried exhibition experiments.[39]

The need to be cautious in light of different evolving technologies was noted by the Canadian Film and Television Production Association, observing that digital cinema is but one distribution option among several, including high speed Internet, mobile communications and broadband broadcasting.[40]

The Canadian Association of Film Distributors and Exporters, Cineplex Galaxy and the Motion Picture Theatre Association of Canada suggest there is no need for federal funding for digital cinema. Citing the substantive costs involved in the digital revolution and uncertainty in standards in the hardware and software necessary for exhibition as well as the lack of a clear business model that has been embraced by the exhibition sector, these organizations state that the money would be better spent on film production and marketing.

As for how digital cinema might be developed in Canada, some observers (like ACTRA) pointed to the work being done by the U.K. Film Council in implementing its digital cinema program across some 250 screens in the UK and suggested Canada emulate this model. The National Film Board took particular notice of the UK Film Council program where commercial cinemas that receive Council-funded digital cinema equipment undertake to carve out prime screen time to exhibit non-Hollywood films. That said, the NFB is of the view that a strategy to fit Canadian needs and circumstances would need to be developed, a point echoed by the Alliance of Canadian Cinema Television and Radio Artists.

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[38] Brief submitted by the Alliance of Canadian Cinema, Television and Radio Artists, 23 August 2005, p. 16.

[39] Brief submitted by the Canadian Association of Film Distributors and Exporters, 15 September 2005, p. 7.

[40] Ibid.

F. GOVERNANCE

Proposed Governance Changes

An effective federal feature film policy requires the support of government agencies that are well designed for their respective tasks. These agencies must have clearly defined roles, as well as responsive and accountable governance structures.

Respondents were asked for their views on whether the "… current organization and governance of the institutions directly and indirectly involved in the support of Canadian feature film are appropriate?" and "What specific changes in governance are required?"

With respect to Telefilm, several respondents thought it was very problematic that industry representatives are not included on the agency's Board of Directors. The Producers Roundtable of Ontario, for instance, described the lack of representation as "shocking."[41] Moreover, those who sit on the Board have little experience in the filmmaking industry. The result of these facts, according to the Canadian Association of Film Distributors and Exporters, is that:

> … there is currently no practical and effective way for the industry to shape Telefilm policies and practices to better serve its needs and achieve the goals of the federal government's feature film policy. … Policy changes are routinely made with little if any industry consultation and often without clear understanding of their consequences.[42]

Respondents, therefore, held that Telefilm's decision making boards should include either industry representatives or those with significant prior film industry experience.

In addition, the Canadian Film and Television Production Association suggested that given the drastically different challenges that exist in the English-language and French-language markets, Telefilm should be reorganized into two separate administrative authorities.

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[41] Brief submitted by the Producer's Roundtable of Ontario, 9 September 2005, p. 5.

[42] Brief submitted by the Canadian Association of Film Distributors and Exporters, 15 September 2005, p. 5.

A number of respondents also viewed the composition of the Canadian Television Fund's board as flawed. The Directors Guild of Canada, the Producer's Roundtable of Ontario and the Writers Guild of Canada all felt that the CTF's board lacked adequate representation from the creative sector.

The National Film Board noted that there are a number of film activities that fall outside the direct purview of all of the agencies and a range of activities that may benefit from a more coordinated approach (such as research in film technology, qualitative research on film audiences, training, and promotion). The NFB felt that the position of Government Film Commissioner is well suited to undertake these activities and should be given the necessary resources to do so.

The Canadian Content Certification Process

The Canadian Audio-visual Certification Office (CAVCO) and the CRTC are responsible for certifying as "Canadian content" those film and video productions that meet certain requirements. To qualify for support from Telefilm, productions must meet the requirements set out by either of these bodies. Respondents were asked whether the Canadian content certification system serves to "foster or hinder the creative process that underlies the production of Canadian feature films."

Nothing approaching a consensus was forthcoming. Several respondents believed that CAVCO in no way hinders the creative process and that the system, as currently operating, is essential for fostering Canadian content projects made using Canadian talent, which in the opinion of the Ontario Media Development Corporation, for instance, "can only serve to strengthen the industry as a whole, laying the groundwork for future generations of Canadian filmmakers."[43] For the Société des auteurs de radio, télévision et cinéma, "the requirements with regard to Canadian content are central to our entire cultural policy."[44]

Others, such as the Canadian Film and Television Production Association felt that the current Canadian content certification system can be a hindrance:

> Canadian big-budget films have rarely been produced because not only is it difficult to raise the financing from the private sector, but public sector sources such as Telefilm Canada place such high restrictions on the use of creative talent. … If the Government of Canada expects feature film producers to reach larger audiences, particularly in the English-language theatrical market, it must equip

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[43] Brief submitted by the Ontario Media Development Corporation, 15 September 2005, p. 5.

[44] Brief submitted by the Société des auteurs de radio, télévision et cinéma, September 2005, p. 7.

> producers with the proper tools and flexibility in its program regulations to negotiate the best possible mix of cast and crew to satisfy private sector investors.[45]

Likewise, the Nova Scotia Film Development Corporation felt that the current system used for Canadian content certification is onerous and confusing for producers, and that the process should be streamlined.

On a related matter, respondents were reminded that the CRTC and CAVCO do not use the same criteria to certify Canadian content. They were asked for their views on whether it would be helpful to create a single arm's-length organization with the responsibility for certifying Canadian content. Again, views were mixed. Some respondents (L'Union des artistes, the National Film Board, and the Alberta Motion Picture Industries Association) favoured the idea of creating such an agency. The majority, however, maintained that such a measure is unnecessary, particularly because as far as feature films are concerned, there is very little difference between the CRTC and CAVCO criteria.

Telefilm's Equity Recoupment Process

Effective feature film support programs require investment policies that operate efficiently and do not create unnecessary administrative burdens for the investors or recipients. Telefilm's chief method of support for Canadian feature films is financing through an equity investment with the intention of recoupment. This recoupment process involves ongoing costs for producers. With this in mind, respondents were asked whether "equity recoupment should be limited to a fixed period after a film is released (e.g., for three years)?"

Most of the respondents agreed that equity recoupment that continues for an indefinite period of time involves ongoing administrative costs both for producers and for Telefilm, and felt that limiting recoupment to a fixed period after a film is released would, according to the Producers Roundtable of Ontario, "alleviate onerous reporting requirements on films that are no longer being sold."[46]

Several of those who were in favour of a fixed recoupment period also urged the Committee to reconsider whether providing assistance in the form of equity investment is the most cost-effective means of supporting feature films. For instance, according to the Canadian Film and Television Production Association:

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[45] Brief submitted by the Canadian Film and Television Production Association, 15 September 2005.

[46] Brief submitted by the Producers Roundtable of Ontario, 9 September 2005, p. 5.

> Telefilm staff and producers spend considerable time and effort negotiating, monitoring and reporting on equity agreements, and this for years after a project is completed. In short, equity is a very expensive form of public support to administer. Yet the majority of these agreements yield a very modest return on investment for Telefilm.[47]

However, the National Film Board and the Nova Scotia Film Development Corporation were against recoupment being limited to a fixed period. The National Film Board argued that Telefilm's recoupment position should not be any less favourable than that of any other financial participant, while the Nova Scotia Film Development Corporation pointed out that recoupment opportunities can occur well after a film is released, through DVD sales and rentals.

The Canadian Feature Film Advisory Group

As noted earlier, several respondents felt strongly that the views of the industry were not being represented in key government film agencies. In fact, the 2000 Canadian Feature Film Policy made permanent a panel comprised of industry representatives, known as the Canadian Feature Film Advisory Group. The purpose of this panel was to provide advice to Telefilm Canada on how best to achieve the objectives of the policy. In April 2005, however, the Minister of Canadian Heritage dissolved the Advisory Group. Respondents were asked for their views on whether the Feature Film Advisory Group was "an effective policy oversight instrument" and were further asked to point out any of its strengths and weaknesses. Respondents also shared their views on whether an advisory group is still needed.

Most pointed to a number of significant problems with the group that hampered its effectiveness. According to the Canadian Association of Film Distributors and Exporters:

> It had little if any power setting the agenda. It had no power in vetoing policy changes. The results of each meeting were not circulated by Telefilm to the industry at large … members who were part of the Advisory Group felt that Telefilm controlled the agenda and used the process to approve policy decisions that were already made.[48]

For the Union des artistes, "the former group was not truly representative of the film community because creators were in the minority and represented themselves, not their association."[49] The National Film Board commented that "Its mandate was unclear, and its advisory role was superseded by partisan interests."[50] Nevertheless, even those who were critical of the Advisory Group's effectiveness felt that it was a worthy initiative.

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[47] Brief submitted by the Canadian Film and Television Production Association, 15 September 2005, p. 23.

[48] Brief submitted by the Canadian Association of Film Distributors and Exporters, 15 September 2005, p. 5.

Nearly all respondents agreed that an advisory group is still needed as, in the words of the Société des auteurs de radio, télévision et cinéma, "it is important that there be a constant link between government policies in the cultural sector and the people working in it."[51]

The respondents suggested that the group be comprised of representatives of the national industry associations working in the film sector. Those respondents from creative organizations such as the Directors Guild of Canada and the Writer's Guild were particularly concerned that those serving on the advisory group be representatives of organizations rather than as individuals. Respondents from Nova Scotia and Alberta emphasized that any advisory group have appropriate regional representation.

With respect to mandate, there was less agreement. Some respondents felt that the advisory group should review ongoing Telefilm policies related to feature film and provide advice on their future direction. Others maintained that the group should take a more proactive role, issuing specific policy recommendations rather than reacting to policy initiatives from Telefilm, and even reporting directly to the Minister.

G. PERFORMANCE MEASURES AND TARGETS

Appropriate Performance Measures

Data on Canadian film audiences, such as age, sex and language, and their viewing preferences, such as theatrical, television, DVD and others, are difficult to obtain and interpret. Accordingly, a number of organizations and individuals were asked to comment on, "Whether a revised policy should place a stronger emphasis on measurement?"

Overall, the respondents agreed that it was important that a revised policy place a stronger emphasis on measurement, particularly if Canada's feature film policy expands its focus beyond the theatrical market to include non-theatrical distribution. As expressed by the Ontario Media Development Corporation:

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[49] Brief submitted by the Union des artistes, 15 September 2005, p. 2.

[50] Brief submitted by the National Film Board, June 2005, p. 15.

[51] Brief submitted by the Société des auteurs de radio, télévision et cinéma, September 2005, p. 7.

> A revised policy should place more emphasis on film audience measurement in all its forms, from theatrical release through to television broadcasts. It is only by taking all these measures into account that an accurate picture of the number of Canadians seeing Canadian films can be drawn.[52]

Given that there is a lack of data on the performance of Canadian feature films in non-theatrical markets, several respondents argued that gathering such data would help the Canadian film industry overall by enabling stakeholders to better understand their audience for such markets, analyze market trends and use marketing dollars strategically when making production and distribution decisions. As pointed out by Cineplex Galaxy, these data can also help filmmakers, "identify if a film should be made initially or not. Alternatively, it could also identify options for films to be considered for a direct to video distribution rather than giant screen."[53]

However, Radio-Canada's French television representative noted that while:

> it is important that the government place more emphasis on measurement … The Government should oversee the establishment of simple, reliable and objective measurement methods accepted by all industry stakeholders before it can be determined whether or not Canadian policy must take *all* distribution methods into account.[54]

Several respondents suggested that the Canadian government should put a data collection system in place to monitor audience viewing across all markets. Jean Seguin described the data collection system in Quebec where there are two organizations that gather box-office data:

> CINEAC, a private company which provides B.O. results twice a week for subscribers, and [L'Institut de la statistique du Québec], an intergovernmental organization that releases monthly B.O. statistics (number of viewers and number of screenings). In both cases, the theatre owners collaborate to gather the figures, without charge. The Motion Picture Theatre Associations of Canada already collaborates with the Canadian Heritage to gather those statistics.[55]

Mr. Seguin suggested that perhaps the Canadian government should consider extending this partnership.

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[52] Brief submitted by the Ontario Media Development Corporation, 15 September 2005, p. 7.

[53] Brief submitted by Cineplex Galaxy, 15 September 2005, p. 8.

[54] Brief submitted by CBC Radio-Canada (French Television), 14 September 2005, p. 3. [Emphasis added]

[55] Brief submitted by the Association des propriétaires de cinémas et ciné-parcs, 15 September, p. 7.

Finally, a number of respondents emphasized that if and when data on the performance of Canadian feature films across all markets is collected, the information should be made available to all stakeholders and the public.

Non-Theatrical Viewing of Canadian Films

The 2000 feature film policy does not take into account other ways that Canadian feature films may reach audiences, such as conventional broadcasting, pay-per-view, specialty and digital services, PVRs, DVDs and videos, video-on-demand, peer-to-peer file sharing, and film festivals. Organizations and individuals were asked to share their views about performance measures that should be included in a national film policy. First, respondents were asked to consider, "What are the most appropriate performance measures for Canada's feature film policy?"

There was general agreement among the respondents that performance should no longer be based solely on box-office results, but should be expanded to include other non-theatrical markets including, but not limited to DVD and video rentals, video-on-demand, pay-per-view, and television broadcasts. The Canadian Independent Film and Video Fund summarized the general view of the respondents:

> The world of film has changed since the Feature Film Policy was conceived. The way consumers view films; how films reach audiences and the importance of cultivating viewers in other markets have evolved substantially since 2000. Box-office success is no longer the only valid way to assess performance. … Consideration should be given to attracting the viewers in these other areas to build audiences for Canadian films.[56]

Others, such as CBC Radio-Canada (French Television) argued that although they believe that all distribution methods should be evaluated in order to accurately measure the success of a film, "Reliable mechanisms for measuring distribution and exhibition methods must be implemented before it can be determined whether or not Canadian policy must take them into account."[57]

> David Newman of the School of Communication at Simon Fraser University, however, recommended that performance measures for Canada's feature film policy should be conducted in the areas of theatrical release, television and DVD/video in order to provide a reasonably wide coverage of Canadian film

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[56] Brief submitted by the Canadian Independent Film and Video Fund, 9 September 2005, p. 12.

[57] Brief submitted by the CBC Radio-Canada (French Television), 14 September 2005, p. 2.

audiences, while "drawing a balance between complexity and comprehensiveness."[58]

Respondents were also asked, "Whether a revised policy should recognize non-theatrical distribution and exhibition methods?" Again, all respondents were in agreement that the Canadian Feature Film Policy should be revised to recognize non-theatrical distribution and exhibition methods, and include audiences in markets other than theatres. The Société des auteurs de radio, télévision et cinéma noted, however, that in the case of French-language films, access to DVDs can be difficult and their availability at video stores is often limited, therefore, theatrical releases remains the primary market for French-language films.

The respondents were then asked to consider, "Whether a revised policy should place a stronger emphasis on support for non-theatrical distribution and exhibition methods?" The majority endorsed a revised feature film policy that placed more emphasis on support for non-theatrical distribution and exhibition methods, noting the continuing growth of non-theatrical markets. Others such as the Director's Guild of Canada argued that, "Until new viewing measurements reveal the extent and influence of non-theatrical distribution and exhibition methods, it would be premature to recommend that the feature film policy place a stronger emphasis on support for these."[59]

Finally, respondents were asked, "Whether performance measures should include the viewing of feature films on television and through video sales and rentals?" There was overwhelming consensus among the respondents that television and video sales and rentals should be included as performance measures. However, as noted by the Director's Guild of Canada, if performance measures are revised to include television and video sales and rentals, targets should be increased to take this additional viewing into account.

Baseline Measures: Hollywood or Foreign Films?

Since 1967, Canadian Feature Film Policy, and the programs designed to support it, has assumed that Canadian feature films should be promoted and distributed within the existing framework designed for Hollywood films.[60] Given the limited levels of success in reaching audiences in this manner in the English-language market (and the costs involved), agencies and individuals were asked, "Should this assumption be reconsidered?"

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[58] Brief submitted by David Newman, Simon Fraser University School of Communciation, September 2005, p. 4.

[59] Brief submitted by the Director's Guild of Canada, 26 September 2005, p. 17.

[60] It should be noted that not all respondents agreed that the Canadian Feature Film Policy has assumed that Canadian feature films should be promoted and distributed within the existing framework for Hollywood films. The Canadian Film and Television Production Association (CFTPA) stated that, "Canada's feature film policy has always been focused on ensuring that Canadian voices in cinema can be heard above the roar of the Hollywood filmmaking machine." Rather than diverging from this policy objective, the CFTPA argued that, "Canadian distributors need to develop marketing and promotion strategies that are specific to Canadian films and the

In general, the respondents agreed that promoting and distributing Canadian films within the Hollywood framework is unrealistic and places Canadian feature films at a disadvantage. In the words of the National Film Board of Canada:

> A policy that focuses too much attention on trying to achieve success under the Hollywood model is unrealistic. It is perhaps a case of the generals once again trying to fight the last war. New technologies, realities and needs may require new methods and new standards upon which to judge success. Canada is not Hollywood.[61]

The respondents suggested that alternate means of promoting and distributing Canadian films should be considered, and recommended that the Canadian government consider other ways for Canadian films to reach audiences, such as DVDs and videos, PVRs, video-on-demand, pay-per-view, television broadcasting and film festivals. In addition, some respondents recommended that serious consideration be given to supporting the distribution and exhibition of Canadian films through new networks such as e-cinema.

On the other hand, certain respondents, such as the Director's Guild of Canada argued that:

> increasing theatrical exhibition of Canadian feature films should remain a goal of the feature film policy. ... It is not realistic to contemplate ... a separate and parallel system for Canada. Rather, the existing system must make room for Canadian films.[62]

Respondents were also asked to consider the following question: "Rather than measuring Canadian films against Hollywood blockbusters, should performance measures focus on how well Canadian films compete with films made by foreign independent filmmakers?"

In general, respondents agreed that measuring Canadian films against foreign independent films would be a more realistic basis for comparison than Hollywood blockbusters. Not all respondents, however, agreed that measuring Canadian films solely against foreign independent films was necessarily the best answer.

Canadian market place." Brief submitted by the Canadian Film and Television Production Association, 15 September 2005, p. 27.

[61] Brief submitted by the National Film Board of Canada, June 2005, p. 17.

[62] Brief submitted by the Director's Guild of Canada, 26 September 2005, p. 12.

The Canadian Film and Television Production Association recommended that the Canadian government develop performance indicators to reflect the two official language markets, and that:

> the performance of Canadian films in each linguistic market be measured relative to that of the foreign (including US) independent films released in each of those markets … the performance of English-language films should be compared to that of the foreign independent films … released in the English-language market.[63]

The Canadian Motion Picture Distributors Association suggested that Canadian films should first be measured against their past success levels to determine if their market is growing, and secondly, against comparable foreign films. Cineplex Galaxy recommended that consideration be given to the various genres and prospective genre audiences before comparing Canadian films with other foreign independent filmmakers.

> A number of respondents suggested that it would be useful if performance measures for Canadian films focused on comparisons with *both* the Hollywood blockbusters and foreign independent films.

Finally, the Ontario Media Development Corporation, in reference to the Committee's Interim Report, expressed concern about the challenge that the classification of independent films presents when developing performance measures, making comparisons very difficult.

Measuring Quality and Diversity

Canada's national policy framework recognizes and promotes Canadian diversity. Indeed, one of the objectives of the current feature film policy is to foster the quality and diversity of Canadian feature films. As such, several organisations and individuals were asked, "How should diversity be defined and measured?"

A few respondents expressed concern about trying to define diversity. The Alberta Motion Picture Industries Association felt that, "by defining 'diversity' every inclusion will identify an exclusion."[64] Other respondents offered a broad range of suggestions for criteria that should be used to define and measure diversity, including: race and ethnicity; language; rural vs. urban; island vs. mainland; north vs. south; film genres; budget sizes; production size; producer; filmmaker; number and types of funding sources.

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[63] Brief submitted by the Canadian Film and Television Production Association, 15 September 2005, p. 33.

[64] Brief submitted by the Alberta Motion Picture Industries Association, p. 9.

The number and variety of suggestions illustrate the potential magnitude and scope of defining and measuring such a complex concept as diversity.

A number of respondents recommended that regional and ethnic differences should be considered, in order to enhance diversity. British Columbia Film noted that currently national policies do not recognize regional differences, and emphasized the need to recognize ethnic differences in Canada and the importance of ensuring regional fairness. In addition, respondents noted the importance of promoting films from minority language communities.

Some respondents voiced their support for the Telefilm guidelines, which encourage diversity by supporting a range of film genres, filmmakers, budgets and companies. These guidelines help ensure a broad range of films from a broad range of producers.

In terms of measurement, several respondents cautioned against measuring diversity solely on the basis of box-office success. The NFB suggested that:

> one way to enhance diversity among the projects selected for public support would be to apply selection criteria that does not overly favour box-office performance compared to relevance of content.[65]

The Canadian Film and Television Production Association further recommended that Canada report each year on diversity in the Canadian film industry, "by tracking i) where a film is produced, ii) by who it is produced, iii) who the key creators are, and iv) the different genres."[66]

Setting Targets

Canada's Feature Film Policy sets an annual target of 5% for the viewing of Canadian films in theatrical release. Measurement of the 5% target does not consider alternative viewing by audiences, such as DVD and VHS rentals, pay-per-view, television broadcast and film festival showings. In addition, the target does discriminate between the French and English Canadian language markets. To address the issues associated with the setting of targets, a number of organizations and individuals were posed a series of related questions and asked to share their views and to make recommendations.

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[65] Brief submitted by the National Film Board of Canada, June 2005, p. 16.

[66] Canadian Film and Television Production Association, 15 September 2005, p. 24.

The responses to the question, "Should different objectives, targets and measures be developed for the French- and English-language markets?" indicated an overwhelming consensus that the distinctions between the two markets need to be considered and reflected in a revised policy. The majority of the respondents pointed out that the French and English film industries in Canada exist in completely different markets. The English-language market is heavily influenced by the American film industry and competes directly with it for audiences, as well as distribution and exhibition opportunities. As expressed by the Canadian Association of Film Distributors and Exporters:

> The American media and the marketing campaigns for American films do not overwhelm in Québec the way it does in English Canada. Québec audiences prefer to see films and television shows originally made in French. … The talent drain to Hollywood is significant in English Canada. In Québec the best actors, directors, writers and producers spend their whole career at home refining their craft and have produced an increasingly impressive, varied and entertaining body of work.[67]

As such, respondents recommended the development of a more comprehensive policy that appreciates and reflects the distinctions between the English and French linguistic markets in Canada, as well as strives to address the unique realities in each.

> Several respondents encouraged a complete separation, between the English and French markets, of all policies and procedures, practices, objectives, targets and measures. Others, such as Cineplex Galaxy, expressed that while, "it seems appropriate that objectives and targets be set differently for English Canada versus French Canada … the criteria for *measurement* should be the same for both groups."[68]

A number of respondents noted that the success of Canadian films at the box-office has been dominated by French-language and recommended, therefore, that the Canadian film policy should focus on strengthening the English Canadian film industry by increasing the production volumes and budgets for Canadian English-language films. However, many respondents stressed the importance of sustaining the momentum and success of the French film industry in Canada and recommended that the Canadian government increase funding for the development, production and promotion of French-language films.

The NFB made an additional suggestion that, while each of the English and French markets has different needs and is at a different stage of development, the government of Canada should set up a "joint fund" to support English and French producers working together to produce international, highly exportable films.

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[67] Brief submitted by Canadian Association of Film Distributors and Exporters, 15 September 2005, p. 6.

[68] Brief submitted by Cineplex Galaxy, 15 September 2005, p. 8. [Emphasis added]

Stakeholders were also asked to "look ahead five years" and make specific recommendations with respect to, "What targets should a revised policy set for the Canadian feature film industry?" and "What would be required to bring these about?"

A few respondents cautioned against the use of statistical targets, particularly where such targets do not clearly distinguish between French- and English-language Canadian films. However, a number of respondents were of the view that an increase of 3 to 5% would be a reasonable target for English-language films; several recommendations were put forth suggesting what would be necessary to accomplish such this target.

The Canadian Film and Television Production Association suggested that additional resources in the amount of $37.6 million for development and production, and an additional $5.5 million for marketing, would be necessary to achieve a box-office goal of 3%. Others such as Cineplex Galaxy, the Director's Guild of Canada, and the Writer's Guild of Canada (WGC) suggested that the best way to meet increased box-office targets would be to commit more resources to scriptwriting and development. There was general agreement among the respondents that there needs to be increased investment for production budgets, marketing, and increased volumes of English-language films in order to meet a 3 to 5% box-office target.

In terms of measurement, respondents were asked to consider Canada's feature film policy annual target of 5% for the viewing of Canadian films in theatrical release, and respond to the questions, "Is this a reasonable target?" and "Is this a useful way to measure the extent to which Canadian films are reaching audiences?"

A number of the respondents found the 5% target unreasonable. Several respondents were of the opinion that such a target was unrealistic for English Canadian films because it ignored the disparity between French- and English-language films in Canada. As mentioned above, French-language films currently account for the bulk of the box-office success for Canadian films. Other respondents found the target unreasonable because it does not take into account non-theatrical releases and alternative viewing options for audiences.

Nonetheless, a number of respondents argued that a target of five percent or higher would be within reach for Canadian English-language films if the film policy criteria for measuring success were expanded to include all formats available for audience viewing, such as DVD and VHS, pay-per-view, television broadcasts, and film festivals. As expressed by the Producers' Roundtable of Ontario, "If someone opts to rent a movie at a store or uses a video on demand service, is his or her experience watching the movie less valid than that of someone in a cinema? It is not."[69] Zoë Druick and Catherine Murray of the School of

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[69] Brief submitted by the Producers' Roundtable of Ontario, 9 September 2005, p. 8.

Communication at Simon Fraser University suggested that biannual reach and awareness surveys conducted among Canadians might be a good way to measure Canadian viewership of Canadian films, including non-theatrical releases and alternative viewing options.

In the context of measurement, the respondents were asked once again to consider the question, "Should there be separate targets for the English and French-language markets?" The respondents unanimously expressed that separate targets for English and French markets are necessary, as a result of the unique challenges and different levels of success experienced by each.

Responsibility for Gathering and Reporting on Performance Measures

There is a general interest in obtaining comprehensive data associated with the monitoring of Canadian film viewing audiences. Accordingly, associations and individuals were asked to share their views and make recommendations in response to the question, "Who should be responsible for gathering and reporting on performance measures?"

Several respondents recommended that the Department of Canadian Heritage ("the Department") be assigned the responsibility for the gathering and reporting on performance measures, particularly as the Minister has jurisdiction over film and video and is responsible for the Canadian Feature Film Policy. However, most of the respondents who recommended that responsibility be given to the Department argued that it would be most appropriate if the Department had joint responsibility in partnership with another agency or combination of agencies such as Telefilm Canada, Statistics Canada, cultural agencies, broadcasters and exhibitors.

Several respondents suggested that exhibitors and broadcasters be required to gather data and report it to the government body assigned to collect and report on performance measures. For example, David Newman of the School of Communication at Simon Fraser University recommended that the responsibility be given to Statistics Canada in collaboration and consultation with suitable industry agencies and organizations. Nova Scotia Film Development Corporation, however, felt that the responsibility for reporting on performance measures should be assigned to distributors.

The Canadian Motion Picture Distributors Association (CMPDA), on the other hand suggested that enlisting private data collection and analysis agencies would be an effective way to measure performance of Canadian films at the box-office as well as alternative viewing. CMPDA offered the examples of Zoom Services Inc., a group that works in collaboration with the Motion Picture Associations of Canada to collect Canadian box-office statistics, and BBM and Nielsen who collect television viewing statistics.

Respondents expressed the view that the Canadian government should have the responsibility for overseeing the process of reporting on performance measures. Furthermore, it should be noted that a number of respondents stressed the importance of making the information collected readily available to all stakeholders and the general public.

Finally, the Producers' Roundtable of Ontario stressed that, as the question of responsibility for gathering and reporting on performance measures is a difficult issue, it requires further study.

H. GENERAL FILM POLICY ISSUES

Defining Feature Films

In comments on the 2000 Canadian Feature Film Policy, several organizations and individuals raised questions about the policy's definition of feature films with respect to the required length of films, theatrical release requirements, and film genre requirements, in particular documentary films. As a result, the Committee asked stakeholders to provide suggestions about how the policy should define feature films.

There was general agreement among the respondents that a definition of feature films should include long-form, feature length films. It should be noted, however, that the Alliance of Canadian Cinema Television and Radio Artists also supported the inclusion of short films in order to increase the opportunities for creating and sharing Canadian stories.

The responses from organizations and individuals varied with respect to whether the definition should include a requirement of theatrical release. However, several respondents drew attention to the fact that in the present Canadian film environment, new technologies such as DVDs, video-on-demand, pay-per-view, and the Internet, have increased the range of distribution and exhibition options. As a result, they recommended that the definition be broadened to include non-theatrical distribution. Other respondents, such as British Columbia Film, while acknowledging the importance of non-theatrical opportunities for increased revenue, argued nonetheless, "that theatrical release is an important part of the overall marketing strategy to create awareness for the long-form production that may go on to generate revenues from other sources."[70]

In addition, several respondents supported broadening the definition of feature films to include all long-form, feature length films regardless of genre. As stated by Cineplex

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[70] Brief submitted by British Columbia Film, 14 September 2005, p. 11.

Galaxy, "Compelling films are compelling films no matter what the genre."[71] Several respondents supported the inclusion of feature length animation films. The majority, however, were concerned about the focus of the 2000 policy on feature films to the exclusion of long-form documentaries.

Defining "Canadian Content"

How Canadian content is defined determines which Canadian film projects receive public funding and, as a result, influences how Canadian culture is expressed by Canadian film-makers. Moreover, as stated by the Société des auteurs de radio, télévision et cinéma, "the definition of Canadian content lies at the heart of our system of support and financing of our productions."[72] With this in mind, organizations and individuals were asked "How should 'Canadian content' be defined for the purposes of the feature film industry?"

There was general agreement among the respondents that the definition of Canadian content must include a minimum requirement that the producer be Canadian. Several respondents agreed that the CAVCO criteria provide sufficient guidelines, and emphasized that the key creative roles in production (the writer, director and performers) should be filled by Canadians. The NFB suggested that, "Canadians should also be involved in the distribution and/or theatrical exhibition of the film."[73] Two respondents argued that defining Canadian content on the basis of the citizenship of the producer and copyright ownership was inadequate.

In addition, many respondents stressed that the policy must be flexible to allow for artistic freedom. For example, as stated by the Nova Scotia Film Development Corporation, "the story should not need to be a 'Canadian' one as long as the people behind it are Canadian."[74] The Canadian Film and Television Production Association went further and stated that, "Given the extremely harsh financing environment, it is imperative that producers be given as much flexibility as possible with regard to Canadian content requirements in order to be able to bring together the right mix of financing, cast and crew to complete a project."[75]

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[71] Brief submitted by Cineplex Galaxy, 15 September 2005, p. 8.

[72] Brief submitted by the Société des auteurs de radio, télévision et cinéma, September 2005, p. 8.

[73] Brief submitted by the National Film Board of Canada, June 2005, p. 15.

[74] Brief submitted by the Nova Scotia Film Development Corporation, 30 August 2005, p. 6.

[75] Brief submitted by the Canadian Film and Television Production Association, 15 September 2005, p. 23.

Several respondents suggested that there should be a mandatory requirement that the screenwriter be Canadian. In the words of the Société des auteurs de radio, télévision et cinéma:

> In view of the fact that the cultural identity of a work is based on the stories it tells, its viewpoint, the definition of a Canadian production should be based more on the citizenship of the scriptwriter and the presence of a Canadian scriptwriter should be incorporated into any definition of a Canadian work.[76]

The Writer's Guild of Canada also suggested that a score of 8 out of 10 should be a minimum requirement to be certified as "Canadian content" in addition to a mandatory requirement of a Canadian screenwriter. Others suggested that a Canadian director should be attached to a production for it to receive Canadian content certification.

Organizations and individuals were then asked, "What could be done to harmonize, modernize or simplify existing definitions of Canadian content?" Several respondents emphasized the need for harmonization of the definition of Canadian content and recommended that Canada adopt a national standard for qualification as a Canadian content production. It should be noted that the respondents once again stressed the importance of not being overly rigid and allowing for flexibility.

The respondents expressed varying opinions with respect to whether the CAVCO rules provided sufficient guidelines. The Union des artistes were of the opinion that the current point rating system was straightforward, while others such as the Writer's Guild of Canada felt that the "Canadian industry has matured since the time that the CAVCO rules were first implemented."[77] They suggested that perhaps it was time to:

> raise the bar for Canadian content productions to include maximum Canadian creative input in Canadian certified projects. By … revising CAVCO rules to ensure that only projects earning a minimum of 8 out of 10 points on the CAVCO scale be designation as Canadian content productions."[78]

Furthermore, the Société des auteurs de radio, télévision et cinéma suggested that the required score be increased and that the highest Canadian scores be rewarded.

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[76] Ibid, p. 8.

[77] Brief submitted by the Writer's Guild of Canada, June 2005, p. 19.

[78] Ibid.

Long-Form Documentaries

Canadian documentary films have achieved a high level of success both within Canada and internationally, and have long been a strength of the Canadian film industry. However, as pointed out by the National Film Board of Canada, "Telefilm Canada has chosen to interpret its mandate in a manner that eliminates documentaries from having access to the fund."[79] The need to include long-form documentaries in the feature film policy was stressed by many respondents, and when asked "Should the feature film policy support the production of long form documentaries," the responses from organizations and individuals were overwhelmingly positive.

Respondents noted the increasing popularity of documentary films and emphasized the importance of documentaries as another means of expression of Canadian culture. As described by the Director's Guild of Canada, "the documentary format opens up new ways for creators to approach a subject, which adds to the diversity of Canadian feature films, a goal of the feature film policy."[80]

Despite the overwhelming support for the inclusion of documentary feature films in the feature film policy, several respondents expressed concern about the already oversubscribed financing for fictional feature films. They stated that the feature film policy should only support long-form documentaries if additional, separate funds are made available.

In addition, there were suggestions by those supporting the inclusion of long-form documentaries in the feature film policy that a separate fund be established to support documentary features. The National Film Board of Canada, "recommends the creation of a $10 million fund for feature (theatrical) documentary films that would be administered by a Government Commissioner and a board, separately from NFB's regular budget."[81] Moreover, the Canadian Independent Film and Video Fund recommended that the Department of Canadian Heritage support the creation of a Canadian Documentary Policy that would support short and long-form, feature length documentaries.[82]

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[79] Brief submitted by the National Film Board of Canada, June 2005, p. 16.

[80] Brief submitted by the Director's Guild of Canada, 26 September 2005, p. 11.

[81] NFB, see note 79

[82] Brief submitted by the Canadian Independent Film and Video Fund, 9 September 2005, p. 11.

Industrial Objectives

Foreign location shooting in Canada creates job opportunities and provides training for Canadians participating in the Canadian film industry. The feature film policy, however, does not mention the creation or preservation of jobs made possible by foreign location shooting. With this in mind, respondents were asked to share their views on "whether industrial objectives should be an element of the feature film policy?"

There was general recognition by respondents of the important contribution of foreign location filming in Canada to the overall economic well-being of the Canadian film industry. While some respondents supported including industrial objectives as one element of feature film policy, most supported the view expressed by the Director's Guild of Canada that, "increasing production and success of Canadian feature films should remain the sole focus of the feature film policy."[83] Moreover, tax incentives such as the federal Production Services Sales Tax Credit and similar provincial credits were seen by most of the respondents to provide sufficient encouragement and support for industrial productions.

Several respondents were of the opinion that a Canadian feature film policy should focus solely on the development and support of domestic productions and stressed that industrial objectives should never be incorporated into a national film policy. As stated by the Société des auteurs de radio, télévision et cinéma, "The feature film policy is a cultural policy and must remain so. Attracting foreign location shooting to create jobs addresses an entirely different set of issues and should not be incorporated into a cultural policy."[84] The NFB suggested that industrial objectives should be considered under a separate policy that focuses on industrial objectives.

Overall, there was a general consensus that the feature film policy should focus on the indigenous production sector. In the words of the Writer's Guild of Canada, "Canadians can only count on what they build themselves. Only a robust and active indigenous production sector can provide sustainable work opportunities for our creators and other talents."[85]

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[83] Brief submitted by the Director's Guild of Canada, 26 September 2005, p. 11.

[84] Brief submitted by the Société des auteurs de radio, télévision et cinéma, September 2005, p. 9.

[85] Brief submitted by the Writer's Guild of Canada, June 2005, p. 20.

Role of the CRTC

Among its many responsibilities, the Canadian-Radio-television and Telecommunications Commission (CRTC) issues licences and imposes regulations that determine the content limitations of the programs aired by Canadian broadcasters. In 1999, the CRTC released a Television Policy which minimized the obligations imposed on broadcasters to air, finance and develop Canadian dramatic programs, including Canadian feature films. As well, the CRTC has implemented a licence fee top-up policy which permits certain spending deductions relating to the programming of Canadian content that would otherwise be required through licensing conditions.

The Committee invited organizations and individuals to share their views on "What specific changes, if any, need to be made to CRTC policies?" A number of submissions showed strong support for the implementation of incentives to Canadian broadcasters for greater investment in Canadian feature films. The majority, however, agreed that the CRTC must not only impose licensing conditions that require broadcasters to air trailers and invest in Canadian films, but that these conditions must be enforced effectively. Recognizing the importance of both approaches, the Director's Guild of Canada submitted that "In order to ensure a strong presence of Canadian drama on television, both incentives and requirements must be put in place."[86]

With specific reference to the 1999 Television Policy, respondents urged that the policy be reversed. The Director's Guild of Canada argued that more results would be seen if the CRTC reinstated a requirement to fund and air Canadian drama programming:

> Spending and scheduling commitments for Canadian drama, including feature films, should be imposed on Canadian private conventional television broadcasters … [and] additional quota bonuses for broadcasters should be considered for airing Canadian feature films that have had theatrical release.[87]

Furthermore, the Ontario Media Development Corporation submitted that such an approach could minimize the "devastating impact"[88] of the policy.

Finally, it was submitted that the licence fee top-up policy of the CRTC be reversed. In their brief, the Writer's Guild of Canada submitted that:

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[86] Responses submitted by the Director's Guild of Canada, 26 September 2005, p. 14.

[87] Ibid., p. 13.

[88] Responses submitted by the Ontario Media Development Corporation, 15 September 2005, p. 8.

> The practice of allowing pay and specialty broadcasters to claim CTF funding received by the producer as broadcaster expenditures not only undermines the integrity of the reporting system … it reduce[es] the overall dollar support for Canadian dramatic documentary programming.[89]

Moreover, the Director's Guild of Canada argued that such a policy effectively "rewards broadcasters for not supporting the Canadian industry."[90]

Role of the CBC and Radio-Canada.

When the CBC's English television representatives appeared befoe the Committee, it was suggested that the distribution and marketing methods used in Canada have contributed to the failure of any notable growth in the size of audiences for English-language Canadian feature films. It is CBC policy to not air a Canadian feature film until it has moved through the theatrical market, rental and sales, pay-TV, pay-per-view and video-on-demand (VOD).[91] According to the CBC, this approach hurts Canadian films (and their potential for success) as there is often a gap of as many as four years between the initial investment and the date the film is broadcast by the Corporation. With this in mind, the Committee invited organizations and individuals to share their views on "What specific policies or practices do the CBC and Radio-Canada need to put in place to enhance the viewing of Canadian feature films?"

The majority of respondents agreed that the CBC should be required to broadcast more Canadian films during prime time television hours. On this point, some respondents demonstrated even greater frustration when:

> This past winter, the CBC aired *Movie Night in Canada* on Saturday nights to replace hockey. Unfortunately, very few of the movies shown were Canadian. This would have been an excellent opportunity to showcase Canadian films.[92]

The National Film Board of Canada proposed the idea of a 'cinema fund' for the purpose of investing in development and production of Canadian feature films. Moreover, nearly half of the respondents recommended that the CBC should be required to invest in the development and production of Canadian films, and to promote these films prior to their theatrical release. These recommendations were taken one step further, however, in the submissions of the Canadian Film and Television Production Association where it was suggested that these recommendations should be a condition of licence for the CBC.

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[89] Responses submitted by the Writer's Guild of Canada, 23 September 2005, p. 23.

[90] Responses submitted by the Director's Guild of Canada, 26 September 2005, p. 14.

[91] Responses submitted by CBC Radio-Canada (English Television), 13 September 2005, p. 3.

[92] Responses submitted by the Ontario Media Development Corporation, 15 September 2005, p. 8.

In their brief to the Committee, CBC English Television submitted that they plan to respond to the poor marketing and distribution problems by offering a single airing of Canadian films shortly after their theatrical release, and prior to their passage through other methods of distribution. As a result, the CBC hopes to ensure a greater success rate of Canadian films at all levels, including better promotion, greater awareness, higher levels of success in the other distribution methods, and ultimately generate greater revenues for filmmakers.

Contribution of Treaty Co-Productions

Treaty co-productions have great potential for the Canadian film industry. Not only can they provide a pool of resources for the creation and production of a film including talent, directors, and increased funding, but they can create larger, international markets. Canada has more than fifty co-production treaties with foreign countries; however, over the last few years the use of these treaties has declined considerably.[93] The Committee invited organizations and individuals to share whether they believe "treaty co-productions have a positive or negative impact on the creation of feature films?" In short, all of the respondents agreed that treaty co-productions serve as a "positive vehicle for encouraging the creation of Canadian feature films."[94] However, many respondents pointed out that the process does have some flaws which need to be addressed.

With regard to the management of co-production treaties, the National Film Board of Canada told the Committee that the United Kingdom believes there is an imbalance in the relationship and flow of treaty benefits and that European Union regulation policies constrain the ability of producers in France to work with Canadians under co-production treaties. The National Film Board of Canada feels strongly that these management issues must be addressed to ensure a more positive impact of co-production treaties.

As a means of re-stimulating Canada's co-production activity, the Canadian Film and Television Production Association submitted that the government should adopt new measures to increase opportunities for creators and build a stronger corporate infrastructure. Furthermore, it was suggested by the Ontario Media Development Corporation that funding for treaty co-productions should be guaranteed in order to show financial certainty when attempting to pitch new ideas to possible co-production partners.

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[93] Brief submitted by the Alliance of Canadian Cinema Television and Radio Artists, 23 August 2005, p. 18: brief submitted by the Canadian Film and Television Production, 15 September 2005, p. 30.

[94] Brief submitted by the Canadian Film and Television Production Association, 15 September 2005, p. 30.

The majority of the respondents also agreed that there should be absolutely no third party participation in co-productions. The Alliance of Canadian Cinema Television and Radio Artists further suggested that Telefilm guidelines must provide the same rights to performers as they do to ensure "that producers, directors and screenwriters are exercising control over the Canadian share of the production."[95]

Finally, nearly half of the respondents agreed that Canada is in need of a new treaty co-production policy that reflects Canadian culture and diversity and guarantees a minimum level of Canadian participation in these productions. On this topic, the National Film Board of Canada submitted that:

> certain countries, such as Korea, China, the Philippines, India, Ireland, and Italy, where many Canadians have roots and origins are more strategically important to the goal of creating cinema that reflects our diversity.[96]

It was further submitted by the National Film Board of Canada that such a policy should entail a minimum requirement that at least one of the key creative positions, that is the screenwriter or the director, must be held by a Canadian.

Training

The creation of first-rate Canadian films requires highly trained professionals. The availability of such film professionals can only be ensured if there are accessible, quality training opportunities available to them from early education for aspiring filmmakers to professional development for those further into their careers. Under the current federal film policy, four recognized national training institutions receive core funding. In addition, some grants are provided to organizations to deliver film training programs through Telefilm's Industrial Professional Development Fund. Respondents were asked to give their views on, "what specific improvement need to be made to the education and training programs for those aspiring to work in the feature film industry?"

Several respondents felt that the level of education and training available is adequate but that there is a need for greater assistance for mentorship, apprenticeship and internship programs to successfully integrate graduates of film schools and institutes into the industry. The National Film Board maintained that "We need to create more opportunities for people to make the jump from formal training to on-the-job experience."[97] Similarly, according to the Directors Guild of Canada:

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[95] Brief submitted by the Alliance of Canadian Cinema Television and Radio Artists, 23 August 2005, p. 18.

[96] Brief submitted by the National Film Board of Canada, June 2005, p. 20.

[97] Ibid, p. 9.

> Canada has an abundance of film and television programs that provide a good education to those aspiring to work in the industry — there is no need to expand these. However, students would benefit from getting more practical experience as part of, or subsequent to, these programs.[98]

The Association des professionnels en audio, however, pointed to the lack of a long-term recognized training program for audio trades. As a result, there is a dearth of specialized professionals available and standards can vary widely.[99]

The Film Centre and British Columbia Film stressed the need for more coordination among the various organizations and institutions that provide film education and training, as well as increased, multi-year funding to support them. The Film Centre suggested the establishment of a national training liaison committee and the creation of dedicated funding envelopes for the national training schools and recognized organizations. British Columbia Film proposed a levy of 0.2% of production budgets of all films receiving federal funding or tax credits to be applied to a national training fund.

The Nova Scotia College of Art and Design (NSCAD) and the Nova Scotia Film Development Corporation expressed some concern that federal funds being directed to the four recognized national training programs precludes new and innovative training programs from receiving assistance. NSCAD further suggested that Canada's feature film policy recognize that support for existing media arts programs in post-secondary institutions is an effective way to deliver education and training to filmmakers.

The Committee also invited input on "any ongoing training needs required for those who are currently working in the feature film industry." A broad range of respondents identified a lack of professional development and training programs available for those already working in the film industry. According to the Canadian Film and Television Production Association:

> The Cultural Human Resources Council hosted a film and television summit in April of 2004. This summit brought together representatives from all areas of the sector. There was a general consensus from all the participants, both government and private sector, that there was a dearth of professional development and training opportunities.[100]

In particular, respondents pointed to a need for more programs in scriptwriting, experimental media, audio, and business management. Additionally, the Société des auteurs de radio, télévision et cinema suggested a tax credit to ease the financial burden on self-employed workers seeking training.

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[98] Brief submitted by the Directors Guild of Canada, 26 September 2005, p. 9.

[99] Brief submitted by the Association des professionnels en audio, September 2005, p. 4.

[100] Brief submitted by the Canadian Film and Television Production Association, 15 September 2005, p. 17.

Preservation

Films have become a central part of our collective memory. However, these works are often quite fragile in nature, and are prone to technological obsolescence and physical deterioration over time. Canadian films of enduring cultural value must, therefore, be identified, serviced, copied and stored under proper conditions, so that they can be accessed in the future. The collections developed and maintained by the National Film Board, the CBC, as well as Library and Archives Canada play an integral role in this process. In addition, each year, the Audiovisual Preservation Trust (a national charitable organization) chooses 12 audiovisual works of national cultural significance to receive preservation assistance. The Trust also provides other organizations with funding to undertake projects that educate the public about preservation issues and improve their access to audiovisual works from the past. Recognizing the vital importance of preservation, the Committee invited organizations and individuals to share their views on "what measures are required to ensure the preservation of Canada's film heritage."

Respondents were in agreement that Canada's film heritage must be preserved for future generations to enjoy. A number of submissions showed enthusiastic support for the Audiovisual Preservation Trust initiative as well as the preservation efforts of Library and Archives Canada and suggested that they be provided with more funding. The Nova Scotia Film Development Corporation even suggested that support for the Trust be broadened beyond feature film preservation. Zoë Druick and Catherine Murray of the School of Communication, Simon Fraser University maintained that, "The Audiovisual Heritage Trust is a superb initiative, which is currently inadequately and inconsistently funded. More stable and long term funding is an urgent priority."(101) Similarly, the Alliance of Canadian Cinema, Television and Radio Artists held that, "It is vital that Canada's feature film heritage be preserved and we recommend an increase in funding in this respect."[102]

The Canadian Film and Television Production Association urged that the government do more to provide easy access to the films that have been preserved. They also emphasized that importance or preserving feature film press and product materials in addition to the films themselves

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[101] Brief submitted by Zoë Druick and Catherine Murray, School of Communication, Simon Fraser University, June 2005, p. 3.

[102] Brief submitted by the Alliance of Canadian Cinema, Television and Radio Artists, 23 August 2005, p. 7.

The submission from the National Film Board stressed the importance of government support for organizations to make the transition to digital by transferring existing media to digital formats. In their view:

> An immediate effect of this would be a considerable reduction in the physical space needed to house the collection and in the amount of time spent handling it. … Ultimately, having a digital vault of the NFB's collection would make it possible to improve access to the titles and ensure long-term conservation of Canada's audiovisual heritage, since any title available in digital format, regardless of whether the original was magnetic videotape or conventional films, could be retransferred to film (the most reliable conservation format).[103]

The National Film Board also suggested that the government bolster the preservation efforts of the Audiovisual Preservation Trust and Library and Archives Canada by creating incentives for organizations and individuals to preserve their collections, and require a legal deposit with National Library and Archives for any feature film produced in Canada whether through the Canada Feature Film Fund or not.

In addition, the Producers Roundtable of Ontario suggested setting up a national system for the storage of original negatives and related material to relieve the financial burden that producers currently face.

Copyright

During the course of the study certain issues arose with respect to copyright.

Several witnesses and observers noted that protection against video piracy is inadequate and urged reform of the *Criminal Code* and the *Copyright Act* to address this. For example, the Motion Picture Theatre Associations of Canada, Jean Seguin and the Canadian Motion Picture Distributors Association recommended action be taken to provide adequate legal remedies against the "camcording" of films in cinemas and the trading of copyrighted and counterfeit material via peer-to-peer file sharing programs. Suggesting the proposed amendments to the *Copyright Act* in Bill C-60 currently before the House of Commons do not go far enough in addressing these concerns, the Canadian Motion Picture Distributors Association recommended greater sanctions against the circumvention of technological protection measures designed to protect copyright material.

On other fronts, several observers took the opportunity to point out gaps in the *Copyright Act* and urge remedial action. For example, the Alliance of Canadian Cinema Television and Radio Artists, and Union des Artistes was noted that performers currently do not benefit from any kind of protection under the *Copyright Act* and, as such, would like to see the Act amended to provide performers with a copyright in an audiovisual work (film, television program or other audiovisual medium).

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[103] Brief submitted by the National Film Board of Canada, June 2005, p. 12.

Similarly, the *Copyright Act* is silent on the definition of author of an audiovisual work, and opinions varied somewhat on how best to define "author." The Canadian Film and Television Production Association would like to see the Act amended to recognize the producer as the author and first owner of a completed visual work. The Writers Guild of Canada suggests that screenwriters be recognized as authors in order to gain moral rights in their work and secure their claim to authors' levies at home and abroad; the Directors Guild of Canada suggests that authorship could be shared between directors and screenwriters.

Société des auteurs de radio, télévision et cinéma, Union des artistes and the Writers Guild of Canada suggested that the inclusion of a private copy system for audiovisual products could prove a worthwhile source of income for copyright holders, while furthering increasing use of the works themselves. Such a private copying regime for audiovisual products could be similar to the current private copying regime for musical works.

Finally, the Ontario Media Development Corporation noted changes being made to the Canadian content tax credit regarding copyright ownership, acceptable share of revenues from exploitation, and producer control and suggested changes to the feature film policy be considered in conjunction with these changes in order to ensure that the two programs are complementary and help achieve the policy's goals.

Telefilm's current international co-production guidelines require that each co-producer's relative percentage of copyright ownership, financing, expenses, revenues and key creative and technical personnel be similar. For example, if a project is 60% financed by a Canadian producer, that producer should retain 60% of the copyright ownership, provide 60% of the financing, receive 60% of world revenues, and provide 60% of the key creative and technical personnel.[104]

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[104] http://www.telefilm.gc.ca/document/en/04/minimum-required.pdf.

CHAPTER 4: FEATURE FILM SUPPORT PROGRAMS AND INITIATIVES: INTERNATIONAL COMPARISONS

A. INTRODUCTION

During the first phase of the Committee's study, a number of witnesses talked about particular government policies and support programs in other countries that they viewed as innovative or successful. These witnesses suggested that a considered examination of support measures offered in other jurisdictions would offer important lessons that could be applied to the Canadian feature film industry. With this in mind, ten countries/jurisdictions were selected for appraisal.[105] The key questions used for this review were:

- What forms of financial assistance (direct and indirect) do other countries provide in support of their domestic feature film industries for production, development, distribution, promotion and exhibition?

- Is there any notable connection between levels of funding support and the success of domestic feature film markets? For those countries that are doing well, what are they doing differently?

- In what ways do various forms of support resemble or differ from the types of support provided in Canada?

- Who makes the creative decisions? At Telefilm Canada it is mostly senior officials who decide how to allocate funds; what are some of the methods used in other countries?

- Are there any policies, strategies or methods used in other countries that could be applied or adapted to the Canadian context?

In the final analysis, four countries — Australia, France, Germany and the United Kingdom — were judged to merit a more in-depth analysis. Three reasons prompted this decision: (1) the box-office performance of domestic films in these markets in recent years,

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[105] Australia, Belgium, the European Union, France, Germany, Taiwan, Republic of Korea, Republic of Ireland, New Zealand and the United Kingdom. An appendix to this report provides an overview of film agencies and feature film funding programs in these 10 contexts.

(2) the population of these countries relative to Canada's and (3) unique elements of the programs and support measures offered in these contexts.

This chapter opens with a brief review of what witnesses said about feature film support strategies found in other countries. Thereafter, a focused presentation on the programs and initiatives offered in Australia, France, Germany and the United Kingdom is provided. With this framework in place, the extent to which film support measures used in Canada differ from those offered in the countries under study is discussed. In closing, key lessons that can be extracted from these international comparisons are presented.

B. WHAT THE COMMITTEE HEARD

The topics most frequently identified by witnesses who mentioned film support measures used in other countries were: digital cinema, exhibition quotas and incentives, tax incentives, the decision-making process, training and professional development and slate funding.

A number of witnesses spoke of government interventions at the distribution and exhibition ends of the creative value chain. Widespread support was shown for initiatives to promote the adoption of digital projection technology in cinemas. In particular, witnesses praised the efforts of the British Government's U.K. Film Council to provide support to cinema exhibitors for the purchase of digital film projection equipment in return for their showing a certain percentage of British films. Mr. Walter Forsyth of the Atlantic Filmmakers Cooperative noted that "it is very innovative. It's costing them quite a bit of money to do it, but I think it's a very smart thing and we should pay attention to the results of that move."[106] Similarly, the Association of Canadian Cinema Television and Radio Artists maintained that an initiative like the one in the U.K. should be emulated as "Digital content is less expensive to create — and suppliers and film makers could easily provide a wide variety of films to theaters across the country and around the world."[107] Mr. Jacques Bensimon of the National Film Board of Canada also spoke favourably of the U.K.'s Digital Screen Initiative and similar ones undertaken by others:

> Around the world, countries have invested in equipping their cinemas with high quality digital projection to encourage the exhibition of indigenous production….If we want to have access to screens, if we want our indigenous production to be seen and appreciated by our fellow citizens, then we need to deploy e-cinema before it is too late.[108]

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[106] Mr. Walter Forsyth, Executive director, Atlantic Filmmakers Cooperative, 6 June 2005.

[107] Brief submitted by the Association of Canadian Cinema Television and Radio Artists, August 2005, p. 16.

[108] Mr. Jacques Bensimon, Government Film Commissioner and Chairperson, National Film Board of Canada, 21 April 2005.

One witness mentioned an initiative in Norway where a committee selects a number of films thought to have considerable merit. Independent exhibitors in every part of the country were then given an incentive of box-office returns for showing these films.[109] In addition, a number of witnesses raised the matter of screen quotas, attributing the incredible success of Korea's domestic film industry to this measure. For example, Mr. Carl Bessai of the Citizen's Coalition for the Protection of Canadian Films presented the case that the quota system has enabled Korean films to dramatically increase their domestic market share and has encouraged people (knowing that there will be a guaranteed amount of exposure) to invest in Korean films.[110]

Also related to exhibition, the National Film Board of Canada drew the Committee's attention to France's current practice of levying a tax on the sales of movie tickets and using the revenue to support French film production.[111]

As for tax incentives, Mr. Michael Donovan of the Halifax Film Company Ltd. suggested that the "Section 48" incentive offered in the U.K. and the "Division 10BA"[112] incentive offered in Australia have been tremendously successful in encouraging the growth of the feature film industries in these countries.[113]

A number of organizations reflected on the regional character of feature film funding models in Germany, France, and the U.K., where some funds are disbursed by regional film agencies. The World Film Festival maintained that this is preferable to the situation in Canada where Telefilm is in a "monopoly" position in terms of allocating funding assistance. Another witness favoured these regional models because they make funding available all across the country rather than concentrating it in large centres.[114]

With regard to the question of who actually makes the funding decisions, Mr. Kevin Tierney of the Canadian Film and Television Production Association voiced support for the Irish film Board's practice of involving external film industry experts in the process.[115]

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[109] Mr. Don McKellar, Alliance of Canadian Cinema, Television and Radio Actors, 6 April 2005.

[110] Mr. Carl Bessai, Chairperson, Citizen's Coalition for the Protection of Canadian Films, 10 June 2005.

[111] Brief submitted by Mr. Jacques Bensimon, Government Film Commissioner and Chairperson, National Film Board of Canada, June 2005, p. 9.

[112] An appendix to this report provides more information on these tax incentives.

[113] Mr. Michael Donovan, Chairperson, Halifax Film Company Ltd., 6 June 2005.

[114] Brief submitted by the World Film Festival, 15 February 2005, p. 2.

[115] Mr. Kevin Tierney, Producer, Park EX Pictures, Canadian Film and Television Production Association, 20 April 2005.

As for training and professional development, Telefilm voiced concern that Canada is falling behind other countries such as the United Kingdom and Australia:

> Currently, Telefilm Canada has an annual training budget of less than $3 million. … In 2003 the British government committed CD $114.7 million to training over the next five years. The Australian government contributes a healthy CD $78.5 million towards training in film, television and radio with industry and private investors contributing a further astounding CD $127 million.[116]

Finally, a number of witnesses voiced support for programs that offer "slate funding" for production companies. Ms. Trish Dolman of the Canadian Film and Television Production Association pointed to the Australian practice of providing development funds to production companies for a slate of multiple projects rather than a single project.[117] The Ontario Media Development Corporation was supportive of similar measures undertaken in the U.K. where the:

> … program allows eligible companies to use a portion of their slate funding as working capital, as well as applying the funding toward individual projects. Making this type of funding available for Canadian producers would enhance their long-term stability.[118]

C. FEATURE FILM SUPPORT IN AUSTRALIA, FRANCE, GERMANY AND THE UNITED KINGDOM [119]

This section identifies and reviews key programs and initiatives that Australia, France, Germany and the United Kingdom offer in support of feature film development, production, distribution and exhibition. Before proceeding it is useful, to set the context for this analysis by examining the market share of the domestic box-office enjoyed by filmmakers in Australia, France, Germany and the United Kingdom in relation to the performance of Canadian films in Canada's two linguistic markets (as well as overall).

As noted elsewhere in this report, a key measure of success — an incomplete but undeniably important one — is the extent to which domestic films capture a share of their domestic box-offices. Table 1 shows total feature film program spending (i.e., direct spending) by domestic box-office and population for the most recent years available.[120]

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[116] Brief Submitted by Telefilm Canada, 31 May 2005. It should be noted that about $24.9 million of the $78.5 million figure cited for Australia is for film training and development.

[117] Ms. Trish Dolman, Producer, Canadian Film and Television Production Association, 9 June 2005.

[118] Brief submitted by the Ontario Media Development Corporation, September 2005, p. 5.

[119] Those in the United Kingdom, France and Germany who seek funding may also be entitled to benefit from the programs offered by the European Union. An appendix to this report provides information on European Union programs.

Figure 4.1 Total Feature Film Program Spending in Selected Countries by Box-Office and Population (Canadian Dollars)[121]

	Total Spending ($ million)	% Share of Domestic Box-office (5 year average)	% Share of Domestic Box-office (2004)	Population (millions)
Germany	199.6	16.4	23.8	82.4
France	167.7	34.3	34.8	60.6
United Kingdom	134.3	14.5	12.0	60.4
Australia	54.7	5.1	1.3	20.1
Canada[122]	107.8	2.7	4.5	32.8
English Market[123]	55.8	0.9	1.6	21.8[124]
French Market	35.6	19.2	26.9	7.2

Sources: European Audiovisual Observatory, UK Film Council, German Federal Film Board, Centre National de la Cinématographie, Australian Film Commission, Department of Canadian Heritage, CIA World Factbook, 2005, Statistics Canada.

A clear connection between the level of government support for feature films and the share of domestic box-office captured is far from apparent. Germany, for example, spends about $30 million more per year on feature film programming than the U.K., yet its films have achieved, on average, a similar share of the domestic box-office. France, meanwhile, spends more than the U.K. and less than Germany, yet its five year average share of the domestic box-office is more than double these two countries.

Most interesting is the result for Canada's French-language market, where an annual investment of about $36 million in direct support has helped generate an average box-office share of more than 19% over the past four years and more than 26% in 2004. Most troublesome is the result for Canada's English-language market, where an annual investment of about $55.8 million in direct support has helped generate an average box-office share of less than one percent over the past four years and just 1.6% in 2004.

The poor box-office performance of domestic films in Canada's English-language feature film market, particularly in light of the remarkable strength of Canada's French-language market, raises an important question. Similar levels of support in other jurisdictions — including Canada's French-language market — have, over time, helped raise domestic market share for indigenous films. Why then, has such a substantial investment in Canada's English-language market made so little difference?

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[120] An appendix to this report provides longitudinal data for all 10 contexts.

[121] Figures quoted are from the latest years available for each country: U.K. (annual); Germany (2004); France (2004); Australia (annual); Canada (2003-2004). Includes all feature film related activities, but excludes documentaries. For Australia, the Australian Film Television and Radio School has been excluded as funds spent for film training could not be separated from television and radio. Includes both national and regional agencies for the U.K., Germany, France, and Australia.

[122] Because Canadian figures prior to 2001 predate the introduction of the new film policy, Canadian feature films' share of domestic box-office has been averaged over 4 years, from 2001 to 2004.

[123] In 2003-2004 Telefilm's Canada Feature Film Fund commitments for French-language productions accounted for approximately 39% of total commitments. Note that the English Canada, French Canada breakdown includes CFFF resources only.

[124] Population by frequency of language spoken at home, 2001.

The Committee will return later to this question later on. This section now turns to its review of approaches used to support indigenous feature film development, production, promotion and exhibition in Australia, France, Germany and the United Kingdom.

Funding Support Agencies and General Structural Aspects

The U.K., France, Germany and Australia all have national agencies responsible for the support and direction of their feature film industries. These agencies are the U.K. Film Council, the Centre national de la cinématographie, the German Federal Film Board, the Australian Film Commission and Australian Film Finance Corporation. Though all of these countries also have sub-national agencies that administer some programs at a regional level, there is variance in the degree of decentralization of these funding models.

France, for example, has about 36 regional film agencies, most of which have a budget of less than $1 million.[125] The Centre national de la cinématographie, however, is the nation's main supplier of funds to feature filmmakers, with an annual budget of more than $694 million, of which nearly $170 million was in support of feature film production in 2004.[126]

For fiscal year 2005-2006, the U.K. Film Council has designated more than $134 million for feature film production and has an envelope worth about $15.1 million for nine regional screen agencies across England for a limited range of regional programs. There is also a national agency for each part of the U.K. outside of England: Sgrin Cymru Wales, Scottish Screen, and the Northern Ireland Film and Television Commission, each receiving a separate (albeit small) budgetary allocation and share of lottery funds to support films that have a particular cultural relevance to their areas.

Funding support in Germany and Australia is significantly more decentralized, likely due to these countries both being federal rather than unitary political systems. Germany, for example, has 16 regional film agencies, 5 of which have combined annual budgets of $132.4 million, while the German Federal Film Board's budget is $111.1 million. Australia (slightly less decentralized in nature) has six regional agencies at the state level with combined budgets of $39.1 million in 2002-2003, while the two national agencies, the Australian Film Commission and the Australian Film Finance Corporation have annual budgets of about $17.2 million and $34.1 million for feature film respectively.

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[125] All monies referred to here are converted from domestic currencies to Canadian dollars. Monies referred to in the appendices are generally quoted in domestic currencies. Also, the reader should view the budgetary quotes with some caution; as with Canadian agencies, it is often very difficult to determine just how much of a budget is allocated to feature film and how much is allocated to other forms of film. Where it has been possible to make such a determination, it will be specified.

[126] France's 36 regional agencies had combined budgets of approximately $25 million in 2002. Since it cannot be determined how much of this amount was spent specifically on feature film, these figures have been excluded from the total spending figure.

This brings up a unique feature of the organization of the Australian funding system. There is a specific agency that focuses on film development (the Australian Film Commission) and another that focuses on film production (the Australian Film Finance Corporation).

Funding Sources

The activities of the U.K. Film Council and the related Scottish, Welsh and Northern Irish national agencies are funded in part by direct government contributions. The majority of their funding, however, comes from the proceeds of its national lottery.

In France the Centre national de la cinématographie receives most of its funding from a tax imposed on cinema tickets and a tax on broadcaster's advertising revenues (with some funding from the government budget). Similarly, Germany's Federal Film Board is funded almost completely through a tax levied on cinema tickets, a tax levied on the sale of videos and DVDs, and direct voluntary contributions from broadcasters (some of which also goes to the regional agencies). In Australia, however, funding for federal and state film agencies comes from government appropriations.

Funding Sources in Support of Film Production

Germany	Tax on cinema tickets, DVDs and videos Voluntary contributions from broadcasters
France	Tax on cinema tickets and broadcaster revenues
United Kingdom	National lottery Direct government contributions
Australia	Government appropriations

Types of Funding Streams

Most feature film funding programs in France and Germany are delivered via two streams: an automatic stream and a selective stream. Automatic stream programs typically award funds to applicants with track-records of significant box-office achievement. The level of automatic funding is determined by box-office admissions or receipts achieved by a film during a reference period. Selective funding is generally aimed at those with less significant box-office track-records and is awarded via what tend to be highly competitive project-by-project assessments.

Funding Streams in Support of Film Production

Germany	Automatic and Selective
France	Automatic and Selective
United Kingdom	Not used
Australia	Not used

In Germany, funds awarded through the selective stream are expected to serve a cultural purpose. In France, films that receive selective funding are often expected to serve a cultural as well as an economic purpose. Moreover, although the vast majority of France's funding programs use the selective principal, the overall value of its automatic funding programs is greater.

In Australia, production funding from the Australian Film Finance Corporation is awarded through a market attachment stream and a project evaluation stream. The market attachment stream requires projects to demonstrate a high level of commitment from market participants. This market attachment must include an Australian distributor and an international sales agent. The project evaluation stream provides funds for films judged to have significant creative potential and *potential* to secure distribution. It should be pointed out that this type of streaming is quite different from those operating in France and Germany because funding is not provided automatically.

The practice of delivering funding through different streams has been abandoned in the U.K.

Who Makes the Funding Decisions?

Decisions for funding from the U.K. Film Council vary from program to program. For development and production funding decisions are typically made by the head of each program along with members of the Film Council's Business Affairs and Production Finance Departments. For other programming areas, decisions are made by Film Council staff, in consultation with outside bodies or individuals at their discretion.

Who Makes the Funding Decisions?

Germany	Committees made up of a cross-section of participants
France	Director General of Centre national de la cinématographie
United Kingdom	Program head; Film council staff
Australia	Internal assessors

Decision-making authority in Germany's Federal Film Board has a unique character. Decisions regarding the selective components of feature production are made by a committee of 11 regular members and 11 substitute members. The Committee is composed of a member of the German Parliament, a senior public servant, and representatives from sectoral film organizations: Organization of German Cinemas, Federation of Feature Film Producers, German Federation of Television and Film Directors, Federation of German Screenplay Authors, Association of Film Distributors, Federation of Audiovisual Media, Association of Public Broadcasters, and Association of Private Broadcasters. Decisions regarding other selective, non-production aspects of funding are made by six subcommittees made up, in part, by members drawn from the larger committee. For the German regional agencies decisions are generally made by internal agency committees or boards.

Funding decisions for the selective programs of France's Centre national de la cinématographie are generally made by the agency's Director General on the advice of a committee composed of industry experts. Each program or program type has its own committee.

In Australia, decisions are usually made by internal assessors. The Australian Film Finance Corporation's Board of Directors makes funding decisions based on the recommendations of an Investment Manager who has already considered the application. In the Australian Film Commission, an initial assessment is made by a project team which is typically composed of AFC staff, but on occasion there may be an outside assessor attached. Their recommendation is then reviewed by the AFC Project Committee.

Film Development Programs

In Britain, the U.K. Film Council's Development Fund (intended to enhance the overall quality of screenplays) offers seed funding, partnerships funding and pre-production funding for single projects, as well as funding for a slate of projects. Scottish Screen makes lottery funds available for script and project development, while Sgrin Cymru Wales awards lottery funds for script development. Sgrin Cymru also has a program that gives screenwriters a chance to meet with industry professionals in order to obtain feedback on their scripts. In addition, the Northern Ireland Film and Television Commission (NIFTC) provides funds from its Lottery Fund for project development. The U.K. Film Council along with Scottish Screen, Sgrin Cymru Wales and the NIFTC spent $11.7 million on features development activities in 2003-2004.

France has one main program offering selective funding for all stages of development (scriptwriting and development, optioning, acquisition of rights, and research). There is also a separate program for scriptwriting that provides a selective subsidy for the writing of new scripts, and the further development of existing ones. In 2004, France spent $3.9 million on development programming for feature film.

Germany's Federal Film Board offers a scriptwriting program that provides funds for the development of screenplays. Indicative of the decentralization of the German system, the larger regional agencies offer more comprehensive development programs covering essentially the same activities as the development funds mentioned in the other countries. Spending on features development programming in Germany — both federal and regional — was $9.4 million in 2002.

Australia has by far the most comprehensive set of development support programs. In 2002-2003, Australian federal and state agencies spent $6 million on development. All of the developmental aspects of feature film support at the national level are undertaken by the Australian Film Commission. Programs offered include:

- a New Screenwriters Program aimed at providing promising writers support to develop a screenplay;

- funding for the development of a first draft of a new script, a subsequent draft script of a new script and a subsequent draft of an already existing script;

- matched investment funding to encourage the participation of third parties in the development process;

- the SPARK Script Development Program through which screenwriters are provided with an intensive workshop with industry professionals to polish their scripts for production;

- writer fellowships to assist screenwriters who have received significant Australian or international awards to develop a new screenplay;

- the General Development Investment Program which supports experienced practitioners who intend to develop and finance a slate of projects (i.e., two or more) by providing ongoing infrastructure and development funding;

- the IndiVision Program for low-budget features through which creative teams are provided with an intensive professional workshop to aid in script development, as well as funding to develop a draft script;

- a program that provides funds for documentary filmmakers to develop pitching materials to attract potential investors and another that offers funds for a detailed script as well as the development of pitching materials; and

- two programs that make funds available to support the development costs for both drama and documentary films made by Aboriginal filmmakers.

Production Programs

The U.K. Film Council administers two programs in support of feature film production. The New Cinema Fund makes funding available for the production of feature films and low-budget feature films that are particularly innovative and "cutting-edge." This Fund, which is especially committed to supporting films from ethnic minorities and from the regions, also has a low-budget features component. The Premiere Fund invests in popular, commercially viable features that have global potential. This fund makes resources available for each stage of the creative process, from development and production through to marketing and distribution. Funding is generally made through equity investment. The U.K. Film Council and its three regional agencies spend approximately $34.4 million on feature film production activities annually.

Germany's Federal Film Board administers a major production funding program through an automatic stream and a selective stream. In the automatic stream a company is entitled to a production grant if it has previously produced a German film that has achieved a certain threshold of box-office success. In the selective stream a production company is entitled to an interest-free loan for production for a film that promises to enhance the quality and profitability of German cinema. The amount of funding available through the selective stream is considerably less than the amount available through the automatic stream. Many of the regional German film agencies also offer significant programs for funding production. These regional funds do not have an automatic stream. Annual features spending of the Federal Film Board and three largest regional agencies totals approximately $109.7 million annually.

Similarly, France offers both automatic and selective funding for production. Established producers are awarded automatic funding for production based on their previous box-office performance. Selective funding for production is available through the Advance on Receipts Program, and is generally awarded to less experienced filmmakers to make films that would not be viable without public support. France also has a program designed to share the risk with producers who use experimental production technologies (e.g., digital special effects, image modelling) in their films. Funds for this program are awarded on the basis of the costs incurred for the use of such technologies. In addition, separate programs exist to provide selective funds to support the production of foreign-language films and French-Canadian co-productions. In 2004, France's Centre national de la cinématographie spent approximately $112.4 on features production.

The Australian Film Commission does not administer programs for the production of feature films per se. It does, however, offer a program to support the production of innovative low-budget features through its IndiVision Low-Budget Feature Production Program. The AFC also administers a program that provides support for the production of documentary films as well as a small program for the production of films made by Aboriginal Australians.

The Australian Film Finance Corporation is the Australian government's principal agency for funding feature film production. Funds for production can be accessed through a market attachment stream and a project evaluation stream. Australian national and regional agencies spent $34 million on features production in 2002-2003.

Distribution and Promotion Programs

The U.K. Film Council supports distribution mainly through its Prints and Advertising Program. This program provides financial support to distributors for extra prints and advertising materials to widen the distribution and marketing opportunities for films that would otherwise have limited release and exposure in the United Kingdom. The Council also has a program to help support the promotion of U.K. films at international festivals by providing funding for marketing items, subtitled prints, and travel costs. The Northern Ireland Film and Television Commission has two very similar programs to support distribution and promotion as well as attendance at festivals. The U.K. spends approximately $5.3 million on distribution and promotion activities.

The German Federal Film Board's distribution funding activities are administered through a program with automatic and selective streams. In the automatic stream, a subsidy is provided for distributors who have distributed a German film that has reached a certain threshold of box-office success. Funding for distribution through the selective stream is offered in the form of an interest-free loan or sometimes a grant. The Federal Film Board also offers a separate program that provides grants for the production of additional prints. Additionally, Germany's regional film agencies provide some support for the distribution and promotion of films within their regions. Germany's national agency commits about $31.9 million annually to distribution and promotion funding activities.[127]

Support for distribution in France resembles the German approach. Automatic support is granted to established distributors and is contingent on the box-office track-record of their films. Selective distribution support in the form of repayable advances is available for independent distribution companies. The Centre national de la cinématographie also provides a special program to support the costs of distribution for film works from countries whose cinema is not well known in France. In all, France committed about $21 million to distribution in 2004. Interestingly, the Centre national de la cinématographie does not seem to offer any significant programs through which promotional funds can be accessed.

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[127] The amount of spending by the German regional agencies on distribution and promotion cannot be determined.

The Australian Film Commission offers a marketing loans program intended for completed film projects that have been unable to secure funding from another source. The Australian Film Finance Corporation makes funds available to distributors for the making of extra prints and advertising materials in the form of a non-recourse loan. In addition, some of the Australian regional film agencies provide limited funds for promotion and marketing schemes. These agencies commit approximately $2.4 million annually to distribution and promotion.

Exhibition Programs

As several witnesses pointed out, the U.K. Film Council offers a program called the Digital Screen Initiative to provide funding for cinemas to adopt digital projection equipment in return for devoting a set percentage of screen time to U.K. specialized films.[128] The objective of this initiative is to create an infrastructure for the exhibition of such films and to enhance the viewing opportunities of the public. The initiative currently comprises 240 screens in 200 cinemas across the United Kingdom. The U.K. Film Council also offers some limited funds to enhance the activities of film societies and clubs to bring new viewing opportunities to rural audiences, as well as a larger Audience Development Scheme that provides funds to organizations to run cinema-based programs to enhance public knowledge and appreciation of film. Spending on exhibition programs in the U.K. totalled $34.3 million in 2003-2004.

Germany's Federal Film Board, as well as several of the regional German agencies offer automatic and selective support for cinematic exhibitors to make institutional improvements to their cinemas, screen specialized German and European films, and provide various educational programs to the public. Spending on exhibition programs by the Federal Film board as well as the regional German agencies was $20.3 million in 2003-2004.

The Centre national de la cinématographie offers a selective support program for exhibitors to construct and improve cinemas in underserved areas of the country. France also has a separate national agency called the Agence pour le développement régional du cinéma. This agency, whose purpose is to promote nationwide access to cinema and to encourage cinematic diversity, provides architectural and environmental advice to exhibitors wishing to renovate their cinemas. It also offers exhibitors in small and medium sized towns a subsidy to acquire additional prints, as well as a subsidy for all cinemas to show classic French films.

The Australian Film Commission's Industry and Cultural Development Fund makes resources available to organizations to deliver a range of events which increase Australians' access to, and appreciation of, film. These include special screenings of films, conferences, film festivals, and film publications. Some of the Australian regional film agencies (New South Wales and Western Australia) have very similar offerings. The AFC's program also includes the National Touring Exhibition Fund, which provides support for exhibitors to run screening programs that will tour Australia. In 2002-2003, national and regional agencies in Australia spent $5 million on exhibition support programs.

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[128] Specialized films are broadly defined by the U.K. Film Council as those films that "do not sit easily within a mainstream and highly commercial genre." These are the films that typically are limited in their release.

Training and Professional Development Programs

The main program for professional development in the United Kingdom is the Film Council's Training Fund, which provides grants to individuals and organizations seeking to receive or provide film-specific vocational training. The Northern Ireland Film and Television Commission offers a similar program that provides bursaries to individuals to attend recognized training courses, as does Scottish Screen. Another noteworthy program provided by the NIFTC is the Film and Television Creative Entrepreneur Program, which offers workshops to help improve the business skills of small film and television production companies. The U.K. Film Council's Training Fund is expecting to disburse $13.9 million in 2005-2006.

Germany's Federal Film Board also has a program that provides grants to film professionals to attend training courses.[129] Surprisingly, France does not offer any training programs or funds to attend such programs through its film agencies.[130]

The majority of training and professional development activities in Australia are carried out through the Australian Film Television and Radio School, which offers a broad range of training and development courses — as opposed to funding programs. The Australian Film Commission provides an internship/mentoring program for film practitioners as well as a fellowship program. Most regional Australian agencies also have programs that provide funds for film practitioners to attend workshops, conferences, courses and related events. In all, Australia spent $24.9 million on training and professional development in 2002-2003, most of which was allocated to the Australian Film, Television and Radio School.

Tax Incentives

Tax relief for qualifying British films is currently channelled through a sales and leaseback mechanism. A producer or production company can reduce its borrowing by selling the film rights to a U.K. purchaser, which can claim tax relief on the purchase price while leasing the rights back to the seller. Tax relief allows a 100% write-off for British production and acquisition expenditure on films that cost less than £15 million. Films with budgets of over £15 million may write off expenditures over three years. This system of relief is currently under review and the government plans to replace it some time in 2006 with incentives worth 20% of production costs for lower budget films and 15% for higher budget ones. In addition, the government plans to introduce a more rigorous set of cultural standards for productions to be considered British and, by extension, eligible for the above tax relief measures.

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[129] Spending data on Germany's training and professional development programs is not available.

[130] It is likely that such training is provided through separate government funded film schools.

In Germany, German film investors can obtain a tax deduction at their marginal tax rate for up to 100% of their investment in the scheme. There is, however, no requirement for the film to be made in Germany. As a result, this system of tax relief has come under heated criticism, and it seems likely that it will be replaced.

France offers perhaps the least generous tax incentive of the countries studied: up to 20% of qualifying technical expenses related to the production of a film, provided that the expenses are for services performed in France. The tax credit is capped at €1 million. This incentive was recently introduced by the French government to stem the tide of French films being produced outside of the country.

In Australia, the federal government offers a cash rebate of 12.5% of a production's qualifying Australian expenditure — defined as, "production expenditure reasonably attributable to goods, services and property provided/used in Australia."[131] In addition, there is a federal capital cost allowance available for Australian films whereby Australian resident investors can deduct 100% of the capital cost of the film against their active income. Whereas the 12.5% rebate is aimed at encouraging large budget films to shoot in Australia, the capital cost allowance is intended to encourage investment in Australian productions. Several of the Australian state governments offer tax exemptions and rebates of between 6% and 10% on labour expenses incurred in their jurisdictions.

D. HOW DOES CANADA COMPARE?

Chapter 5 and several appendices to this report provide an overview of direct and indirect support measures offered by the Government of Canada in support of Canada's feature film industry. This section looks at how Canada's programs and initiatives compare to those offered in Australia, France, Germany and the United Kingdom.

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[131] **Australian Film Commission**, http://www.afc.gov.au/filminginaustralia/taxfins/federal/fiapage_56.aspx.

Funding Support Agencies and General Structural Aspects

The Canadian support system is configured quite differently from those described above. Unlike each of the countries examined here, the vast majority of funding for feature film in Canada is available from one national organization, Telefilm Canada. Funding applications for English-language projects are received by local Telefilm offices in Toronto, Vancouver, and Halifax. Funding requests for French-language projects from across Canada are handled by Telefilm's Montreal office. Some provinces also have provincially administered film offices, but these generally exist to provide non-financial support services (e.g., information) to filmmakers.

Funding Sources

With respect to funding sources, there is a significant difference between Canada and the other countries examined here. Whereas much of the funding in Germany and France comes from levies of direct entertainment taxes, and in the case of the U.K., from lottery proceeds, Telefilm Canada's feature film funding (worth $100 million) comes from the federal government via the Department of Canadian Heritage. In addition, about 60% of the Canadian Television Fund's $15 million feature film stream comes from contributions made by the Canadian cable and satellite companies,[132] with the remaining portion being provided by the Department of Canadian Heritage.

Funding Streams

The streaming system in France and Germany follows on principles similar to the Canadian system where several of the programs in Telefilm's Canada Feature Film Fund are delivered through an "automatic" performance component, which reserves funds for already successful filmmakers based on their box-office track-record, and a selective component where those applicants who do not meet the performance threshold are evaluated in a highly competitive project-by-project selection process.

Who Makes the Funding Decisions?

With respect to decision-making, Telefilm Canada employs an interesting mix of elements from each of the countries under study. Like Germany and France, a certain percentage of resources are allocated to a "performance envelope" stream for high performing recipients according to box-office receipts. In these instances, funding decisions for certain productions are, to some extent, determined by the marketplace.

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[132] These contributions are a CRTC condition of licence. Broadcasting distribution undertakings in Canada are required to contribute up to 5% their revenues to the CTF.

Unlike France and Germany, however, where industry representation is standard practice, all selective funding decisions are made by agency officials (i.e., Telefilm personnel). Since 75% of all CFFF Development, Production and Marketing Program resources are allocated to the selective funding stream, this means that the majority of funding decisions are made by Telefilm personnel.

Development Programs

Telefilm's Canada Feature Film Fund Development Program supports essentially the same core development activities as those offered in the countries described here and is at least as comprehensive as those offered in Germany and France. The difference between Canada and Australia (which offers a vast array of programs) may not be as significant as it appears. Many of the development funding activities that Australia divides into separately administered programs (e.g., different script drafts and low-budget feature development) are offered by the CFFF Development Program. Also, both countries spend roughly the same amount on development programming ($6.2 million in Canada for 2003-2004 and $5.4 million in Australia — nationally and regionally — for 2002-2003).

That said, there are some interesting programs in the U.K. and Australia for which no equivalent exists in Canada. Sgrin Cymru Wales and the Australian Film Commission both offer screenwriters intensive workshops where they can benefit from the advice of industry professionals. No such program for fiction features is available through Telefilm. In addition, Australia has a matching funds program that is intended to lever private investment for development; no such program exists in Canada. Finally, both the U.K. and Australia have programs that offer development funding for a slate of projects rather than for a single project. The development program offered by Telefilm gives no such option.

Production Programs

The production support programs used in the above countries closely resemble what is used in Canada. Each has a stream of production programming designed to provide funds to more experienced, proven producers for films that will have outstanding commercial potential. In the U.K., for example, this is accomplished through the Premiere Program, which takes a calculated chance on less proven candidates for films judged to have some significant creative and market potential. France, meanwhile, is a bit of an exception in this respect, as its Advance on Receipts Program tends to supports films with little potential for commercial success.

Canada's CFFF Production Financing for Producers works according to similar principles as those described above, with a performance component that reserves funds for those producers with a demonstrated record of box-office success, and a selective component that provides funds for those with creative and commercial potential, but less of an established record. Canada's spending on features production totalled about $68 million in 2003-2004, with an additional $43.6 million spent on documentary production by the National Film Board.

Distribution and Promotion Programs

With respect to distribution and promotion, Canada's distribution and promotion support system seems to be more comprehensive than that of France and Germany, and quite similar to the U.K. and Australia. The Telefilm CFFF Marketing Loans for Distributors Program spent $13.3 million in 2003-2004; one can add another $10.6 million if one includes the distribution and marketing activities of the National Film Board. This is an impressive amount, especially when one considers that Canada (in terms of population) is about half the size of the U.K. and France, and not quite one-third the size of Germany.

Exhibition Programs

A near complete absence of programs aimed at supporting film exhibition is perhaps the area where Canada differs most significantly from the countries studied here. The Canada Council for the Arts does provide a number of programs that disburse funds to media arts organizations and festivals to present independent Canadian media artworks to the public. This support is modest, however, with a total budget of about $1 million for film related projects, of which just a subset are feature films.

Training and Professional Development Programs

A key difference between the training and professional development programs offered by Telefilm and those offered by the other countries studied here is that Telefilm does not provide funds directly to individuals to partake in such activities. Rather, Telefilm provides grants to organizations and recognized film training schools to provide training programs and courses to individuals.

For documentaries, the National Film Board provides a number of training and professional development programs directly to filmmakers; in other words, the NFB trains the individuals itself rather than providing funds for them to seek training elsewhere. Telefilm's annual budget for training and professional development is $3 million. This is significantly less than the U.K. Film Council's budget of $13.9 million, and much less than Australia's $24.9 million.[133]

Tax Incentives

The Canadian government's Production Tax Credit refunds 25% of qualified labour expenditures for a CAVCO-certified Canadian film, while the Production Services Tax Credit refunds 16% of qualified labour expenditures for services provided in Canada by Canadian residents or taxable Canadian corporations. In addition, the Canadian provinces provide a range of tax credits for labour expenses which tend to be more generous than the equivalent ones offered by the Australian states.[134]

Comparing and contrasting tax incentives offered by different countries with an aim to determining best practices is a difficult undertaking. The incentive that will work best for a producer, production company or investor typically depends on each individual's specific financing situation. For instance, whether the 100% capital cost allowance offered in Australia is better than a refund on 25% of labour expenses, as in Canada, will depend entirely on a production's particular cost structure. That said, it is worth noting that all of the countries studied (and others) have in recent times introduced (or considered introducing) incentives that emulate Canada's system of tax credits.

E. LESSONS LEARNED

This chapter has compared feature film support programs and initiatives offered by the national governments of Australia, France, Germany and the United Kingdom with those offered at the federal level in Canada. The key findings of this analysis are as follows:

- Canada's approach to film funding is highly centralized, with one agency (Telefilm) responsible for the largest sum of money and for most of the funding decisions;

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[133] It is important to be cautious when comparing Australian spending on training with Canadian spending, as most of the figure quoted here refers to the Australian Film Television and Radio School, whose activities are only partly related to feature film. In addition, Canada also has government-supported institutes and fine arts colleges that provide film training, so it is reasonable to assume that the actual amount Canada spends on training and professional development is greater than $3 million. Even so, it is clear that both the U.K. and Australia outspend Canada on film training by a notable margin.

[134] An appendix to this report provides more information on Canada's provincial tax credits.

- Canada spends very little on scriptwriting, training and professional development; and

- Canada does not have a coherent strategy to encourage and ensure the exhibition of its indigenous films.

As for lessons that can be drawn from this comparative exercise, the following are some of the more notable strategies used by the countries that have been studied here:

Funding Sources

- In the United Kingdom a national lottery is used to raise money for the feature film industry.

- In Germany and France an entertainment tax is applied to the sale of movie tickets.

Funding Decisions

- Germany and France have formal mechanisms to ensure input from a cross-section of industry professionals for all of its funding decisions.

- In Germany the committee that makes funding decisions includes a member of the German Parliament, a senior public servant and representatives from sectoral film organizations.

Types of Funding Support

- Rather than funding on a purely project-by-project basis, the United Kingdom and Australia offer funding for a "slate" of two or more projects.

- France has a fund that encourages experimental production technologies, such as digital effects.

- Australia and Wales offer intensive workshops for screenwriters.

- Australia offers matched funding for project development.

Exhibition

- In the United Kingdom, the Digital Screen Initiative provides funding to cinemas to adopt digital projection equipment in exchange for setting aside a percentage of screen time for U.K. films.

- The United Kingdom funds regional film societies and clubs.

- In France, exhibitors are offered a subsidy for screening classic French films.

CHAPTER 5: RECOMMENDATIONS FOR A NEW FILM POLICY AND ITS IMPLEMENTATION

After a considered review of witness testimony, respondent submissions and approaches to film policy in other countries, the Committee feels well equipped to make the following observations and conclusions concerning the present and future state of the Canadian feature film industry:

- The Canadian Feature Film Policy should henceforth recognize the difference between Canada's English and French-language film markets, including different targets for these two markets.

- Existing levels of support available through the Canada Feature Film Fund are generally adequate but need to be awarded and allocated differently.

- A national strategy to market, promote, distribute and create screen space for Canadian films is required in order to sustain and help grow the successes witnessed in the French-language market and to build audiences in the English-language market.

- The distribution and exhibition of Canadian film requires far greater attention and support.

- Existing Canadian content definitions for feature film production should be modified to more closely resemble the criteria used for Canada's book publishing and sound recording industries.

- The feature film policy should recognize long-form documentaries.

- Telefilm Canada's excessively bureaucratic working methods and practices need to be modernized and simplified.

- The overall governance and accountability framework for federal government organizations involved in film-related functions requires a clarification of roles, mandates and responsibilities.

- The Department of Canadian Heritage needs to take a more active role in the implementation and oversight of the film policy.

- Film industry stakeholders must work together to develop a coherent strategy to measure and track audiences for Canadian film both in the theatre and in other contexts.

- Canadian broadcasters and the CRTC need to work together to develop incentives to increase awareness of Canadian feature-length films.

- A digital film strategy, similar to the Digital Film Initiative in the United Kingdom, needs to be developed by government.

The Committee is convinced that many of the serious deficiencies it has found in the overall functioning of Canadian feature film industry would, over time, be remedied if the conclusions made above were acted upon and implemented. With this in mind, the remainder of this report provides a series of recommendations that flow from these observations and conclusions. Part A, outlines the Committee's vision for a new film policy; Part B addresses governance and accountability issues that require considered attention; Part C discusses necessary steps and measures required for the successful implementation of the new film policy proposed here. In closing, Part D makes recommendations on other matters raised by witnesses and respondents through the course of this study.

A. CORE ELEMENTS OF A NEW FEATURE FILM POLICY

The 2000 film policy, From Script to Screen, had as its four main objectives: to develop and retain talented creators; to foster the quality and diversity of Canadian films; to build larger audiences at home and abroad; and, to preserve and disseminate our collection of Canadian feature films for today and tomorrow.

This policy represented a significant improvement over previous federal policies designed to support Canadian film. First, it recognized that the goal of reaching audiences had to be incorporated into the film policy. Second, it set clear targets (5% of audiences) that could be measured.

As a general conclusion, one could say that elements of three of the four objectives have been partially met. Audiences are up significantly in the French-language market; Canadian creators have worked on a large number of films over the past five years; the number and quality of Canadian films has improved, particularly in the French-language market; and some work has been accomplished in the area of preservation and dissemination. There is no evidence, however, that allows one to talk with any confidence about the ill-defined notion of "quality and diversity."

Notwithstanding certain successes, there are a number of serious problems that need to be addressed. Some of these problems have to do with issues within the policy, while others have to do with the absence of mechanisms to sustain the policy. A major gap in the policy, for example, is the near complete absence of support for dissemination and exhibition. As shown in Chapter 4, Canada is one of the few countries that pays virtually no attention to exhibition. In part, this is because exhibition falls under provincial jurisdiction. In part, it is because stakeholders have not been willing to develop methods to address this challenge.

While exhibition is important, there are at least three overarching policy matters that require urgent attention. These are:

- The differences between Canada's two linguistic markets;
- The need to measure and report on non-theatrical viewing of Canadian films; and
- Existing criteria used to define and certify Canadian content;

Recommendations on these three issues are discussed and presented below.

One Policy — Two Markets

From Script to Screen established national objectives for the country, including a box-office target of 5% for audiences of Canadian film. As observed in Chapter 2, the viewing of Canadian films in theatrical release increased from 2.3% in 2000 to 4.6% in 2004. Most of this growth, however, was due to a rise in the viewing of Canadian films in the French market. Indeed, audiences in the English-language market during this same period were virtually stagnant.

Witnesses cited a number of reasons to explain this phenomenon. The most common had to do with the intense competition for film audiences posed by Hollywood big budget blockbusters, with their star-studded casts. While this explanation must be given its due, it is worth reminding ourselves that Australia, the United Kingdom, France and Germany, facing similar pressures, have all managed in recent years to attract a larger domestic audience for their films than have Canadian films in Canada's English-language market.

With this in mind, the Committee views it as essential that a new film policy recognize that there are two language markets in Canada and that different dynamics are at play in these two markets. Indeed, as noted above, Hollywood blockbusters do not dominate the French-language market as they do in the English-language market. Second, the French-language market is smaller and more compact, thus easing certain marketing challenges. Third, the language itself acts as a natural barrier to films in other languages. Finally, unlike

English Canada, the French-language market has a well-developed star-system, which makes it easier to attract private investors.

Acknowledging these differences in no way means that Canada should have two film policies, with different objectives; what it does require, however, is the establishment of market specific box-office targets for English and French Canada. This could be achieved without reducing or adjusting support for either market. Therefore:

RECOMMENDATION 1

The Committee recommends that a revised feature film policy and related support programs and measures recognize that Canada's English and French-language film markets are different.

Furthermore:

RECOMMENDATION 2

The Committee recommends that the feature film policy set realistic and incremental box-office targets for the viewing of films in the English-language and French-language markets.

Such targets should be developed by the Department of Canadian Heritage in consultation with industry stakeholders and should recognize the different circumstances of the two markets.

Non-theatrical Viewing

From Script to Screen focused on the cinema audience for Canadian feature films. While the recognition of the importance of theatrical audiences should always remain a first priority, the Committee believes that far more attention also needs to be paid to the many other ways in which people see Canadian films. Since much of this viewing is at home, the Committee is convinced that the policy should recognize the importance of these audiences. For this reason:

RECOMMENDATION 3

The Committee recommends that a revised film policy recognize the importance of measuring audiences for the viewing of Canadian films in the many non-theatrical contexts where films may be watched.

Separate targets would need to be established for different platforms and media. Specific contexts would include but not be limited to: television viewing, DVD rentals and sales, and Internet downloads.

Canadian Content Criteria

Although it is important to recognize the existence of the two linguistic film markets in Canada, this will not single-handedly deal with the problems facing English-language Canadian films. As noted, there has been virtually no improvement in audiences for English-language Canadian films since the introduction of From Script to Screen. Indeed, as seen in Chapter 2, most of this improvement is explained by an increase in audiences for treaty co-productions made with other countries.

Co-productions are worth discussing in some detail because these types of films provide an interesting vantage point for examining some of the peculiarities of the existing feature film policy.

For almost 40 years Canada has signed treaty co-production agreements with other countries. Treaty co-productions attract money and talent from other countries and have proven a useful mechanism for attracting foreign audiences to Canadian feature films. Under the terms of a co-production agreement, any film that is produced as a result of the agreement is considered "Canadian." For example, a Canada/France/United Kingdom treaty co-production, with European actors, based on a French script set in England, is considered Canadian for certification purposes.

What makes treaty co-productions interesting is that many of them are included among the success stories of the film policy.[135] Paradoxically, however, were a Canadian producer to make the same type of film described above without French and British partners, but with more Canadian labour and talent, it would lose its "Canadian content" certification because the story takes place in England and is based on a novel by a non-Canadian.

If Canadian content rules can be relaxed for a co-production, why is it that they cannot be relaxed for a Canadian production? This is not an attempt to disparage the success of international co-productions; on the contrary, treaty co-productions, as noted in Chapter 3, are an extremely important element of Canada's feature film industry. What these types of productions do expose, however, is that audiences for English-language Canadian films are even smaller than the data suggest.

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[135] To meet its policy objectives the box-office revenues in 2004 for the English language market need to be approximately $28 million. Even with four or five successful films with box-office revenues of approximately $1 million or more, English-language Canadian films came nowhere near this target. One of the reasons is that many films had box-office revenues of less than $100,000.

One aspect of the problem for English-language films can be seen in the following figure, which shows the total cost and Canadian box-office for a selection of English-language Canadian films that were produced during the period in which the 2000 film policy was in effect.

Figure 5.1 Total budgets and gross box-office receipts for a selection of English-language Canadian films released since the introduction of the 2000 feature film policy

Film	Total Budget	Gross Box-office
Ararat	$15,300,000	$536,770
Owning Mahowny	$15,696,557	$342,457
Julie Walking Home*	$8,056,000	$1,085
Geraldine's Fortune (AKA Swine Fever)*	$6,100,000	$3,327
Nothing*	$5,635,772	$2,278
Long Life, Happiness and Prosperity	$3,275,000	$14,547
Bay of Love and Sorrows	$2,930,000	$17,140
Luck	$2,185,000	$14,383
Moving Malcolm*	$999,999	$6,164

Source: Telefilm Canada

If we assume that a movie ticket costs approximately $10, this means that fewer than 700 people saw each of the four films marked with an asterisk. While there were some films in the English-language market with box-office receipts of almost or more than $1 million (e.g., *Men with Brooms*, *Mariposa Azul*, *Bollywood/Hollywood*, *Mambo Italiano* and *Being Julia*), there are simply too few successes and too many films with results that can only be described as dismal.

How did we get to this point? Over the past 30years, Canada has developed a complex set of rules and procedures to define Canadian content. Under the current system, Canadian films are required to receive a certain number of points to be eligible for particular forms of direct and indirect funding support. But it does not stop here; submissions to Telefilm need to meet additional point-based criteria to qualify for funding.

As seen in Chapter 4, a number of witnesses and respondents were of the view that the point system undermines creativity and artistic freedom. These witnesses argued that the story need not necessarily be Canadian as long as the people behind it are Canadian. The Committee shares this perspective.

No other cultural support program offered by the Canadian government is as complicated or as strict in its definitions of "Canadian." If a Canadian writes a book and a Canadian-owned publisher publishes it, it is defined as a Canadian book for purposes of support. The book does not have to be set in Canada or even mention Canada.

Similar considerations apply in support for poetry, sound recording, figure skating, theatre companies, and other artists. They also apply for research in medicine, engineering and the social sciences.

In the view of the Committee, increasing the complexity of the point system over the past 30years has done very little to help the quality of English-language Canadian feature films. It certainly has not helped develop an audience for such films.

A solution proposed by witnesses and respondents was the introduction of simpler criteria. A simpler set of criteria could be that two of the following — writer, producer, or director — have to be Canadians and that a certain proportion of the lead actors involved must be Canadian. This could be coupled with the requirement that a certain percentage of the film has to be shot in Canada and that a certain percentage of the technicians working on the film must be Canadians.

These criteria would make the definition of Canadian content closer to those definitions used for support to book publishing and sound recording. They would also mirror the more relaxed rules for treaty co-productions, albeit with a slightly higher requirement for the involvement of Canadians. With this in mind:

RECOMMENDATION 4

The Committee recommends that the definition of Canadian content for the purposes of feature film be made more flexible, and use criteria that stipulate that two of the following — writer, producer, or director — have to be Canadians and that a certain proportion of the lead actors involved must be Canadian.

In the view of the Committee, these changes, if adopted, would have little or no impact on the French-language market but would offer more flexibility to filmmakers in the English-language market, thereby creating favourable conditions for the production of English-language Canadian films with the potential to attract larger audiences.

These changes would also recognize the fundamental point that if Canadians make it, it is Canadian. There is little to be gained by attempting to make a film "distinctly Canadian" for policy purposes. The goal of the program should be to help Canadians make films that Canadians and others want to see.

Canadian Content Certification

As for Canadian content certification, witnesses provided a more uniform picture, and a clearer basis for a recommendation. As seen in Chapter 3, positions ranged from claims that duplication and inconsistency were minimal and relatively harmless to claims that it presents onerous burdens. No one provided a convincing justification of the status quo in all its particulars, or an explanation of how differing Canadian content criteria, or approaches to their application, can possibly be beneficial to the achievement of the broad objectives of the Canadian Feature Film Policy. Moreover, nobody who appeared before the

Committee suggested that this is an area that benefits from multiple perspectives reflected in differing standards.

The Canadian Film and Television Production Association indicated that four organizations at the federal level — the CRTC, CAVCO, Telefilm Canada and CTF — use four different systems to certify Canadian content. While the systems were seen as "highly compatible," separate paperwork for each organization imposes needless costs on producers, and creates inconsistencies that make it difficult to track Canadian content production. Reflecting these considerations, the CFTPA recommended that "the Government of Canada establish a single certification authority, to certify that the Canadian content elements of a project have been satisfied for all federal support purposes."[136] Cautious support for a single agency, to carry out certification based on "harmonized" criteria, also came from the National Film Board of Canada.[137]

Among other witnesses, there was also widespread frustration expressed with the burdens created by the existence of multiple Canadian content certification regimes, administered by multiple organizations and a general consensus on the need for a single organization to assess and certify Canadian content. Indeed, according to the brief prepared by the Nova Scotia Film Development Corporation on behalf of Atlantic Canada Film Partners, "the current division of responsibilities for the Canadian content tax credit between Telefilm, CAVCO, and the Canadian Revenue Agency is onerous and confusing for producers."[138] In view of this:

RECOMMENDATION 5

The Committee recommends that the Government of Canada designate CAVCO as the single certification authority for Canadian content.

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[136] Brief submitted by the Canadian Film and Television Production Association, September 2005, p. 20.

[137] Brief submitted by the National Film Board, September 2005, p. 14.

[138] Brief submitted by the Nova Scotia Film Development Corporation, September 2005, p. 4-5.

Furthermore:

RECOMMENDATION 6

The Committee recommends that CAVCO create a single application process for the certification of Canadian content.

Such an application process would need to recognize the diverse needs of the various agencies and stakeholders from the filmmaking and broadcasting industries.

B. GOVERNANCE AND ACCOUNTABILITY

Governance and Feature Film

The connection between governance issues in Canada's film organizations and the long-term vitality of our cinematographic culture was clearly recognized throughout the Committee's hearings as well as in submissions received in response to the Interim Report.

There are three broad types of government organizations that are relevant to the film portfolio: departments, independent decision-making bodies such as boards, agencies and commissions, and Crown Corporations.[139]

Departments are organizations created by statute under the direction of ministers who are responsible to Parliament for their activities. They support the full range of the minister's policy, legislative, regulatory and operational responsibilities, and the minister is responsible personally to Parliament for these activities, and how they are carried out.

Independent decision-making bodies are established to carry out functions requiring some degree of independence from day-to-day ministerial direction, and generally are established by legislation that delegates certain responsibilities to a board of directors (or equivalent). These bodies are accountable to Parliament through the minister in whose portfolio they have been placed. The minister (and government) is personally accountable for the decision to create and maintain these organizations, but is only answerable (i.e. not personally responsible) for what they do. Finally, where these organizations rely on funding authorized by Parliament, the minister defends their annual estimates in the House of Commons (and, through this role) acquires a measure of influence upon them.[140]

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[139] See Gordon F. Osbaldeston, P.C., O.C. *Organizing to Govern*, Vol. 1, McGraw-Hill Ryerson, Toronto et al. 1992, p. 13 ff.

[140] Over the years, this category of non-departmental organizations has become so varied that little else can be said about them. Gordon Osbaldeston, who was Clerk of the Privy Council during the 1980's and has written the major

Crown corporations are wholly owned by the government, but operate at arm's length from the minister responsible and the government in a commercial environment. They are not subject to the human resource and administrative policies that apply to the regular public service, and thus operate with additional flexibility (and, potentially, lower costs). They are managed by a board of directors that is responsible for the strategic direction of the corporation and its achievement of objectives which are typically spelled out in the legislation that establishes the corporation. Ministerial influence is normally limited to the appointment and renewal of members of the board of directors (and, in some cases, the selection of the board chairperson), and the review (and possible amendment) of the legislation under which the corporation operates. The Minister's role in recommending the approval of the annual corporate plans and budgets provides an additional basis for influence.

Given the diversity that exists within each category of organization, it is difficult to generalize about why one type might be preferred over another. The following figure, however, suggests possible advantages and disadvantages that frequently apply to organizations in each group.

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reference work on federal government organization, has identified at least six very different roles carried out by such bodies. He also notes that the legislation (or ministerial mandates) establishing them creates varying degrees of independence, because it leaves "a wide spectrum of ministerial and prime ministerial powers and responsibilities related to policy, operations, financial management, funding and appointment of key personnel."Ibid., p. 21.

Figure 5.2 Types of government organizations: advantages and drawbacks[141]

Organization	Advantages	Drawbacks
Department	• directly responsive to elected government • links policy expertise to operations • staffed by non-partisan public servants • direct accountability to Parliament	• vulnerable to political micro-management • high costs, limited hiring flexibility and speed • lack of innovation • general mandates impede accountability for specific performance
Independent body	• flexible model: organizations can be tailored to specific tasks • especially suitable for regulatory, quasi-judicial or funding roles requiring arm's length from minister • single purpose can enable clear objectives specialized expertise	• may be captured by special interests • small budgets may limit management depth • insulated from consequences of poor performance • not directly accountable to Parliament
Crown Corporation	• insulated from political micro-management • lower costs, higher efficiency • specialized expertise • protect public interest in commercial environments	• may not respond to political priorities • tension between public interest and economic objectives • insulated from consequences of poor performance • accountability limited by commercial confidentiality

The Responsible Organizations

Film-related functions have been performed by the Government of Canada since at least 1939 when the National Film Board was established. Since the creation of the Department of Heritage in 1993, these have been centralized within the portfolio of the Minister of Canadian Heritage. The current film-related portfolio consists of the following organizations:

- Department of Canadian Heritage
- Canada Council for the Arts (Canada Council)
- Canadian Broadcasting Corporation (CBC)
- Canadian Radio-television and Telecommunications Commission (CRTC)
- National Film Board (NFB)

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[141] Variations among organizations in each category, especially the "independent organization" category, create many exceptions to these generalizations. For an enumeration and discussion of organizational types and sub-types, see Audrey Doerr, *The Machinery of Government in Canada*, Methuen, Toronto et al, 1981, p. 106 ff.

- Telefilm Canada.

Figure 5.3 provides an overview of the portfolio of government organizations involved in Canadian film, enabling their mandates and current roles to be compared.

Figure 5.3 Federal Government Organizations Involved In Canadian Film[142]

Organization[143]	Legislated Objectives Related to Film	Current Role Statements Related to Film
The Department of Canadian Heritage	Legislation defines jurisdiction, not objectives. Jurisdiction applies generally to Canadian identity and values, cultural development, heritage and areas of natural or historical significance, except where assigned by law to another federal entity. Specifically includes: • the arts, including the status of the artist, • culture industries including film, video, • broadcasting, except spectrum management and technical aspects, and • the formulation of cultural policy.	Oversees federal audio-visual policy and program activities that seek to make Canadian content available by ensuring a healthY supply chain, reward success, harness new technologies, and develop international markets for Canadian feature films (and other culture products). Works in concert with other federal organizations and stakeholders to sustain a strong domestic film and video industry in Canada.
Canada Council - arm's length organization	To foster and promote the arts, including: • working with other arts organizations, • funding study and research in the arts, • providing arts achievement awards, • sponsoring arts exhibitions, performances and publications, • making capital grants to universities and similar institutions, • exchanging knowledge with other countries, organizations or persons, • arranging for representation and interpretation of Canadian arts in other countries.	Support for research, creation, production and dissemination to artists and organizations in film, video and new media: • including festivals, travel, operating activities, equipment acquisition, • diverse funding programs, as well as awards, residencies.
CBC - Crown corporation	To provide programming with the following characteristics (among others): • predominantly and distinctively Canadian, • reflects regions and their needs, • contributes to cultural expression, • reflects official languages communities, • contribute to a shared national identity, • made available throughout Canada, and • reflects multicultural nature of Canada.	Commissions, produces and/or broadcasts independent documentary productions, and also co-produces and broadcasts documentary films. Also commissions, produces and/or broadcasts arts and culture, children's and other films.
CRTC - regulatory commission	To regulate and supervise all aspects of the Canadian broadcasting system, so as: • to accommodate French and English language community differences, • respond to regional needs and concerns, • facilitate the provision of Canadian programming.	Regulates and supervises Canadian broadcasting and telecommunications in the public interest, so as to reflect: • Canadian creativity and talent; our linguistic duality; our multicultural diversity; the place of Aboriginal people; and our social values.

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[142] Variations among organizations in each category, especially the "independent organization" category, create many exceptions to these generalizations. For an enumeration and discussion of organizational types and sub-types, see Audrey Doerr, *The Machinery of Government in Canada*, Methuen, Toronto et al. 1981, p. 106 ff.

[143] Note: An additional organization, the Canadian Independent Film and Video Fund (CIFVF), is a public-private partnership that receives federal funding through the Department of Heritage. It funds the production of documentaries, docu-dramas, dramas and animated films for educational purposes. Its federal funding will lapse at the end of March 2006.

NFB - arm's length organization	To produce, distribute and promote the production and distribution of films designed to interpret Canada to Canadians and to other nations, and • deal with commercial filmmakers on behalf of the government, • conduct filmmaking research, • advise cabinet	Produces and distributes distinctive, culturally diverse, challenging and relevant audiovisual works. • serves as an instrument of social change through point-of-view films. • promotes Canadian values both in and outside Canada. • supports festivals, training of emerging filmmakers, and outreach activities.
Telefilm Canada - Crown corporation	To foster and promote the development of a feature film industry in Canada, by • investing in individual Canadian productions (for a return), • making loans to Canadian feature film producers, • making awards to Canadian feature films, • making grants to filmmakers and technicians working in Canada, and • advise/assist producers regarding-distribution and administrative functions.	Supports Canadian feature films, TV programs and new media products across the value chain, from professional development to production and marketing. Specific mechanisms : • The Canadian Television Fund • The Canada Feature Film Fund • Canada New Media Fund • Canada Music Fund • Diverse targeted funds/programs

One of the fundamental issues that must be dealt with is how the governance and accountability structures of these organizations affect the implementation of the feature film policy. At present, the implementation of the policy is largely delegated to Telefilm, an arm's-length agency. Four other arm's-length agencies also play critical roles (The Canada Council for the Arts, the National Film Board, CRTC and the CBC). Since these organizations operate at arm's length they are largely left to their own devices in their choice of options to implement the policy.[144]

An additional peculiarity of the current system is that the Department of Canadian Heritage developed and authored the 2000 feature film policy and is the conduit through which the funds are sent to the agencies. That said, despite being responsible for the evaluation of the policy, the Department has virtually no authority to effect the implementation of the policy. Moreover, it has little ongoing responsibility for delivery of the programs or overseeing adjustments to the chosen delivery mechanisms. Indeed, a September 2005 Summative Evaluation of the policy (commissioned by the Department of Canadian Heritage) observed:

> Once signed, the Memorandum of Understanding between Canadian Heritage and Telefilm Canada does not give Canadian Heritage much leverage to the department to provide policy direction.[145]

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[144] The term "arm's length" covers a number of different types of government agencies that have been set up over the last 80 years. The extent to which they are "arm's length" varies with the particular legislation that established them. The essential point is that they have a mandate, outlined in legislation, a separate governance structure and their day-to-day operations are not directed by the executive branch of government (i.e., they are not responsible to a deputy minister). Four of these agencies (Telefilm, CCA, NFB and the CBC) report to Parliament through a designated Minister. Legislation governing the CRTC differs from that governing the other four agencies.

[145] *Summative Evaluation of the Canadian Feature Film Policy*, Corporate Review Branch, Department of Canadian Heritage, September 2005.

In short, the governance system for feature film is not working well. In a functional system it would be extremely difficult to have a program with zero incremental impact (as this one seems to have had in the English-language market) after the addition of millions of dollars of supplementary funding. Waiting five years and then expecting the same governance mechanisms to produce an incremental impact in the English-language market is a strategy of dubious value with little prospect for success. The long string of failures in the English-language market should provide ample evidence that there are serious problems with the way the policy was implemented and the implementation overseen.

With these issues in mind, it is evident that there are a number of important changes that need to be made. This being said, it is difficult to see how they can be made within the current governance system. Presumably the Department of Canadian Heritage can address the problems that arise from the current definitions of Canadian content and the rigidities this imposes on the system, particularly in the English-language market. But these changes alone will not solve the problems identified in this report. In particular, the role of the Department of Canadian Heritage needs to be recognized and strengthened. The remainder of this section discusses this matter and outlines the necessary steps that need to be taken to improve the governance and accountability structure of Canada's feature film industry.

Possible Duplication and Overlap Issues: The Funding Function

Before addressing how to best strengthen the Department's role, it is necessary to consider whether there are serious problems that flow from having at least five different federal organizations involved in the actual execution or support of the feature film policy.

As noted in Chapter 3, the Committee received a range of opinions on whether duplication or overlap exists among the agencies that fund Canadian films. Witnesses expressed virtually all conceivable positions on this issue.

According to Mr. Jacques Bensimon, Government Film Commissioner and Chairperson of the National Film Board of Canada, there is no significant overlap. Each organization fulfils different objectives: "the CBC is the public broadcaster, the NFB is the public producer and distributor, Telefilm is the cultural banker, and the Canada Council is the arts investor."[146] Overlap that has occurred from time to time was ascribed to the inadequacy of funding, which creates service gaps in some organizations that others fill and, currently, to technological change, which has led several organizations to become involved in new media.

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[146] Brief submitted by the National Film Board, September 2005, p. 4.

This optimism was not shared by all witnesses, however. Although it did not target any specific organization, the Nova Scotia Film Development Corporation asserted that all existing agencies are not required, and that there is too much duplication of service.[147]

The value of organizational diversity was, however, a more commonly voiced theme. The Canadian Conference of the Arts (CCA), for example, argued that multiple funding organizations, with different mandates and approaches, are needed in order to provide support that does not pressure films and film-makers towards a homogenous norm. The Canada Council for the Arts was singled out for its successful focus on a "niche" involving support for film and video conceived, controlled and produced solely by the artist/director.[148] This has enabled a number of outstanding directors to move back and forth between art films and commercial films. The general theme, that diversity and competition are preferable to a more monolithic organizational structure, was widely voiced. Thus the Canadian Independent Film & Video Fund argued that:

> It is important that there are different sources of funding as well as different types of professional development available to producers as the concept of "one-stop shopping" does not work in the cultural/creative sector.[149]

Diversity among funding organizations was, however, distinguished from needless multiplication of application forms and procedures. In their appearance before the Committee, CCA representatives called for the creation of a single harmonized form that could be used for multiple purposes.[150] This would eliminate duplication of effort and excessive time burdens on applicants, without requiring broad organizational change. This recommendation may also respond to a tendency on the part of many of the Committee's witnesses to view organizational issues from an applicant's perspective, focusing on the need to "streamline the funding process."[151]

More broadly, many of the witnesses who emphasized the advantages of diversity also stressed the need to manage it in such a way as to avoid duplication and waste. In the words of Mr. David Newman: "There should continue to be multiple funding agencies with specific mandates. However, there should be an attempt to harmonize the efforts of the agencies, to decrease overlap and ensure there are no gaps."[152] The two convictions apparent in this statement (that the existing funding organizations complement one another, and all continue to be needed but that there is a general need for the clarification of mandates and the streamlining of programs and services) were repeatedly expressed by witnesses.[153]

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[147] Brief submitted by the Nova Scotia Development Corporation, September 2005.

[148] Brief submitted by the Canadian Conference of the Arts, Feburary 2005, p. 9.

[149] Brief submitted by the Canadian Independent Film & Video Fund, September 2005.

[150] Presentation to the Committee, the Canadian Conference of the Arts, 24 March 2005, p. 6.

[151] Brief submitted by the Ontario Media Development Corporation, September 2005, p. 2.

[152] Brief submitted by David Newman, September 2005.

The Canadian Film and Television Production Association (CFTPA) proposed an approach which recognizes that organizations have been added to the film sector universe on an *ad hoc* basis, and that mandates have evolved seemingly in isolation from one another. The Association argued that roles and responsibilities are not as clear as they could be, although the existing organizations clearly perform distinct functions and therefore all continue to be needed. The Association proposed that a comprehensive review be undertaken, including and examination of the roles, mandates, practices and processes of the key agencies.[154] The Association also commended the redistribution of functions between the Canadian Television Fund and Telefilm Canada announced in July 2005, observing that the transfer to Telefilm Canada of responsibility for funds allocated by the CTF to feature films should enhance the consistency of eligibility criteria and strengthen accountability.

Possible Duplication and Overlap Issues: Mandate Creep

In addition to the possibility that core roles of the various organizations duplicate or overlap, the tendency of organizational mandates to expand over time creates an additional potential overlap problem. Organizational mandates may "creep" into the same unoccupied territory, creating an overlap or duplication problem that may not be apparent merely from an examination of the formal legislative objectives or mandates.

As noted above, representatives from the National Film Board argued that the core roles of the government organizations involved in film are complementary, with each occupying a reasonably distinctive "niche." However, the detailed responses to questions received by the Committee also notes the existence of some areas, including relatively new areas that have not been explicitly incorporated within organizational mandates, where there may be overlap. According to the NFB, the CBC has established an Internet presence in order to "protect its turf and attract younger audiences," while Telefilm Canada also has become involved in new media. Noting that new technologies can blur traditional organizational boundaries, the NFB argues that it would now be feasible for the NFB to create an NFB specialty television network, or an e-cinema network, drawing on its collection of films. Among the areas listed, where the work of existing agencies needs to be harmonized or integrated are: training, the incubation of new talent, capacity-building, cultural diversity, new media, rights management and international distribution.[155]

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[153] Brief submitted by the Producers Roundtable of Ontario, September 2005, p. 2.

[154] Brief submitted by the Canadian Film and Television Production Association, September 2005, p. 7.

[155] Brief submitted by the National Film Board, September 2005, p. 6-7.

Gap Issues

The fact that the film organization portfolio has emerged incrementally, over a considerable period of time, creates the possibility that needs have emerged which remain unmet, or that organizations have failed to fulfill elements of their mandates, alongside the possibility that programs may overlap or duplicate one another.

The National Film Board argued that the existing mandate of the Government Film Commissioner remains undeveloped, due to inadequate funding. As a result, the envisioned role of the Commissioner as "champion" of Canadian film, both through public promotional activities and through advice to the Governor in Council, remains unachieved.[156]

The Role of the Department of Canadian Heritage

Witnesses were not specifically asked to comment on the distribution of functions between the Department of Canadian Heritage, on the one hand, and the various portfolio organizations on the other. It is useful, however, to explore this question separately, in order to isolate issues that may not be obvious when the film-related organizational universe is viewed as a whole.

Publicly available information on the Department's website and in departmental documents does not make the division of functions between the Department and portfolio organizations immediately clear. Instead, it portrays the Department as carrying out the general roles listed in Figure 5.3 through a combination of internal activities and the activities of the portfolio organizations.

It is noteworthy that the recommendations of at least one witness imply some concerns about the effectiveness of the Department, in its role as the strategic manager of the portfolio. Representatives of the World Film Festival called for a reorganization of government involvement in the film sector that would place all existing agencies and programs under the direction of a "super-board" that would advise the minister, provide strategic management to all film-related programs, ensure effectiveness by component organizations, prepare comprehensive data on performance, and adjudicate disputes.[157] The implication, here, is that there is a need for improved coordination and strategic management, functions which would normally be undertaken by the Department.

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[156] Ibid., p. 13.

[157] Brief submitted by the World Film Festival, February 2005, p. 15.

Proposed Solutions

Understandably, the focus of most of the witnesses who appeared before the Committee was on immediate stakeholder concerns, notably the adequacy of funding and its accessibility. While perceptions concerning organizational roles and mandates may be somewhat impressionistic, they nevertheless point to a problem that the Committee has concluded needs immediate attention. Many of the organizations and individuals who work most closely and continuously with organizations in the film portfolio share a perception that roles involve an element of duplication, that programs and services are difficult to navigate, and that resources that should be going to the creation and marketing of Canadian films are being dissipated on administrative and programmatic duplication.

Even a cursory look at the respective roles of organizations would appear to suggest that prevailing perceptions are not entirely without foundation. For example, the current film-related role of the Canada Council would appear to have elements of overlap with the roles of the National Film Board and Telefilm Canada, notwithstanding differences among the recipients and products that are claimed to distinguish their roles. As well, many of the organizations have become involved in areas relating to emerging technologies, as well as functions that are supportive of their core mandates such as education and infrastructural support, without clear overall coordination to maximize value for money.

This committee, in previous reports, has suggested mandate reviews of various organizations. It has also pointed to the importance of governance issues and related matters of performance measures, evaluation and accountability. Indeed, these concerns were mentioned repeatedly in the Committee's 2003 study of Canada's broadcasting system.[158] Little has come of these well-documented concerns, nor have previous mandate reviews been a source of much change.[159]

In the Committee's view, there is little likelihood of a mandate review being carried out and even less likelihood that timely changes could be made that would have a noticeable impact on the implementation of a revised film policy. The most glaring and obvious weakness in the current governance situation is that the Department has chosen to play such a limited role in the governance of the film-policy.

On 22 November 2005 the Auditor General released a report that deals with a number of issues involved in the governance of Telefilm and the relationship between Telefilm and the Department of Canadian Heritage.

The Auditor General's report echoes concerns by members of the Board of Telefilm about the "extent of the oversight that Telefilm Canada is subjected to, which leaves little leeway to interpret its mandate and determine the best way to accomplish it."[160] The report goes on to suggest that this oversight "reduces the overall efficiency of Canada Heritage and Telefilm Canada."[161]

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[158] See Chapter 19 of *Our Cultural Sovereignty*, June 2003.

[159] There was a mandate review of The National Film Board, Telefilm and the CBC in 1995.

As this committee notes a number of times in this report, there are serious problems with the governance of the film portfolio. It is the Committee's view that they will not be addressed if the focus is limited to the question of efficiency. While the Committee is concerned about efficiency, its first concern must be with the effectiveness of the film policy as it was implemented (largely by Telefilm) between October 2000 and today.

As noted a number of times in this report, the policy has contributed to an incredible and encouraging success in the French-language market and had virtually no impact in the English-language market. In plain terms, although resources were doubled for both language markets, nothing happened in the English-language market. There was no improvement and no incremental impact after the additional expenditure of millions of dollars of public money.

In its appearance before this committee, officials from Telefilm were not eager to address this evident problem. The source of the problem does not lie solely in questions of efficiency.

This failure needs to be addressed by changes to the existing governance structure and by changes within Telefilm Canada. Efficiency gains might occur with a clarification of mandates, however, this committee is not just looking for efficiency gains, but for substantial increases in the effectiveness of the policy.

In light of the ineffectiveness of a significant part of Telefilm's feature film support program, and their officials' reluctance to admit any major problems, the Committee sees a need for a new MOU that clearly identifies the Department's role in the design, implementation, oversight and evaluation of the feature film policy.

With this in mind:

RECOMMENDATION 7

The Committee recommends that the Department of Canadian Heritage assert its responsibility for the design, oversight, implementation, and evaluation of Canada's feature film policy.

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[160] Office of the Auditor General, Report of the Auditor General, Chapter 5, Support to Cultural Industries, p. 23

[161] Ibid., page 23.

There are three ways in which the role of the Department needs to be strengthened. First, as will be discussed in Part C of this Chapter, the Department needs to manage an initiative similar to the book publishing program that provides ongoing support to producers, distributors and exhibitors of Canadian feature films. Second, the Department needs to play a more active role in the monitoring of program performance. Indeed, it would be a relatively simple matter to prepare an annual report on the state of the Canadian feature film industry. Such a report should present performance measures related to the objectives of the policy (e.g., box-office revenues for films supported by the policy). Third, the Department needs to have some form of a direct lever to influence the implementation of the policy. Implementation of the policy cannot be left completely to arm's-length agencies that are largely unaccountable for their performance over extended periods of time. This fact became abundantly clear to the Committee in its 17 November 2005 meeting with Telefilm Canada officials. In light of this:

RECOMMENDATION 8

The Committee recommends that the Government of Canada develop a new memorandum of understanding that would be signed by all organizations most directly involved in support of the feature film policy. This MOU should recognize the Department's responsibility for the design, oversight, implementation, and evaluation of Canada's feature film policy.

In the event that it is not possible to sign the appropriate memorandum of understanding, the government should consider developing alternate program delivery mechanisms.

Consulting with the Industry

Shortly before the release of the Committee's June 2005 Interim Report, the Committee learned from witnesses that the Minister of Canadian Heritage had decided to dissolve its Feature Film Advisory Group, created in 2000, to monitor the implementation of the feature film policy.

Much of the evidence received by the Committee preceded the announcement that this group would be dissolved. A number of groups and individuals argued that the group continued to have an important role to play, and directed attention to sectors perceived to be under-represented.

Thus, the Alliance of Canadian Cinema, Television and Radio Artists (ACTRA) and the Directors Guild of Canada argued creators have had minimal representation and influence in the group, despite being among the most strongly affected by policies on which the group provides advice. ACTRA called for consistent representation of creators, in the form of senior managers of associations, unions and guilds that represent performers and creators.[162] A more timely, open, and transparent appointment process was also called for. On the basis of a similar argument, the Conseil québécois des arts médiatiques (CQAM) proposed that the group include at least three representatives of organizations representing "auteur indépendent" productions in which the director has complete creative and editing control, at least two independent filmmakers, and equitable Aboriginal representation.[163]

The recent dissolution of the group attracted considerable, and largely negative, attention from witnesses. The Canadian Film and Television Production Association (CFTPA) called for the reconstitution of the group, composed of representatives from national associations working on behalf of the creation, production, distribution, broadcasting, and exhibition sectors, with a general advisory mandate and capacity to oversee all policy, administrative processes, and changes to administrative guidelines.[164] The Association indicated that the effectiveness of the previous group was compromised by mandate and composition shortcomings, but argued that such a group continues to be needed because, in recent years, communication lines between Telefilm Canada and the industry have not been as effective as they should be.

Not all witnesses were entirely critical of the dissolution, however. The NFB indicated that the group had not been an effective policy oversight instrument, because its mandate was unclear and because it was impeded by partisan interests. With this in mind, it was suggested that an ad hoc group, composed of producers (4), distributors (3), conventional exhibitors (2) specialty exhibitors (2) and policy makers (3), with a Telefilm representative acting as secretary, could be useful, and would not create expectations that it would have a permanent role in governance.[165] Given the arm's length nature of the important agencies and groups in some way responsible for film, it can be seen why it was so difficult to run such a body in a functional manner. After all, was its role to advise the boards of the agencies and, if so, what function can it perform that the boards and staff of the agencies cannot perform on their own?

On 18 November 2005, the Committee was advised by Telefilm Canada that they intend to create a new "Canada Feature Film Fund Advisory Committee" that would "include a [National Steering Committee], supported by two Guideline Committees representing each linguistic market." The membership and purpose of the proposed committees would be as follows:

> The National Steering Committee would have representation from both the French and English markets, with a mandate to review overall CFFF policies and strategies, including the annual feature film business plan and CFFF performance reports. As well, the Steering Committee would advise Telefilm Canada as to whether any subcommittees need to be established and specific industry

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[162] Brief submitted by ACTRA, February 2005, p. 7.

[163] Brief submitted by the Conseil québécois des arts médiatiques, February 2005, p 2-3.

[164] Brief submitted by The Canadian Film and Television Production Association, September 2005, p. 19.

[165] Brief submitted by the National Film Board, September 2005, p.15.

> associations consulted in order to implement recommended policy and guideline changes.
>
> The Guideline Committees would review specific guideline proposals, as outlined in the annual feature film business plan, as they relate to their particular language market.
>
> To ensure continuity between the National Steering Committee and the Guideline Committees, Telefilm Canada would like to ensure that National Steering Committee members also sit on the Guideline Committees.[166]

Notwithstanding Telefilm's new proposal, this committee has concluded that the notion of a formal advisory group is an unworkable consultation mechanism. Furthermore, it is the view of this committee that the structure of Telefilm's proposed "Advisory Committee" would merely inject an additional layer of bureaucracy and complexity into an organization that is sorely in need of reform.

The Committee has concluded, therefore, that the most appropriate strategy would be for the Minister of Canadian Heritage to consult with industry stakeholders on a regular, systematic and ongoing basis. With this in mind:

RECOMMENDATION 9

The Committee recommends that the Minister of Canadian Heritage consult on a regular, systematic, and ongoing basis with members of the industry.

Data Collection and Reporting

As discussed above, the feature film policy must look at the changing environment within which people view films. As mentioned in Chapter 2, many more Canadians watch movies at home than in the cinema. Since one goal of the policy is to develop audiences for Canadian films, efforts should be made to promote and market films in the venues where Canadians are most likely to watch them.

The Committee has been told by some witnesses that useful statistics on viewing habits for film and television are currently being collected, or could be obtained. Tracking sales and rentals of DVDs is more difficult but not impossible. At a minimum, special purpose surveys could be used to develop estimates of movies seen in this way.

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[166] "The Establishment of a Canada Feature Film Fund Advisory Committee." Attachment to a letter sent to the Standing Committee on Canadian Heritage, 18 November 2005.

This committee, in reports dating back to 1999[167], has repeatedly attempted to address the inadequacies of the statistics collected across the cultural sphere. Indeed, in its 1999 Report on Canadian cultural policy, this committee recommended that: "the Department of Canadian Heritage ensure the collection of statistics on cultural activity be of the same quality and timeliness as those now available for other sectors of the Canadian economy." In this same spirit:

RECOMMENDATION 10

The Committee recommends that the Department of Canadian Heritage, in partnership with all organizations most directly involved in support of feature film, be responsible for identifying and ensuring the collection of timely and relevant performance measures on audiences for Canadian feature film.

Relevant organizations would include, but not be limited to: Telefilm Canada, the Canadian Television Fund, the National Film Board of Canada, the CRTC, and Statistics Canada.

This committee has also observed that improvements need to be made to the reporting and assessment of progress in reaching the objectives established by the policy. At present, no single agency is responsible for doing this and there are no mechanisms in place to create the necessary co-operation among the agencies involved. The simplest solution is to assign this responsibility to one organization and have that organization prepare an annual report on the state of Canada's feature film industry and the progress being made in the achievement of the policy objectives.

The most appropriate place to locate such a responsibility is the Department of Canadian Heritage. No other agency has the overall responsibility for the policy or the comprehensive overview required to assess the policy and its implementation. Telefilm, for example, focuses on its investments and box-office results; but it cannot be expected to monitor progress in areas such as training and preservation, nor should it be expected to. Accordingly:

RECOMMENDATION 11

The Committee recommends that the Department of Canadian Heritage, in partnership with all organizations most directly involved in support of feature film, be required to issue an annual report on relevant performance measures related to the objectives of the Canadian Feature Film Policy.

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[167] *A Sense of Place — A Sense of Being* (June 1999); *The Challenge of Change: A Consideration of the Canadian Book Industry* (June 2000); *Our Cultural Sovereignty: The Second Century of Canadian Broadcasting* (June 2003).

The Role of the CRTC

Canada's broadcasting system is regulated by the CRTC. As seen in Chapter 3, a number of witnesses told the Committee that one of the gaps in the film policy has been the lack of attention paid to Canada's broadcasting system and the negative consequences of the CRTC's 1999 television policy for priority programming.

This committee's June 2003 Report on Canadian broadcasting recommended that "the CRTC be directed by order in council to review its 1999 television policy for the exhibition of priority programming in prime time." A few months later, the Commission issued a call for comments on:

> … actions it might take to support the production and broadcast of more high quality, original, English-language Canadian drama and to attract larger audiences to such programming and … on actions it might take to ensure that high quality, original French-language Canadian drama remains a key component of prime time viewing.[168]

The culmination of this exercise was the Commission's introduction of an incentive program in November 2004, which seeks "to increase the amount of original English-language Canadian television drama broadcast on Canadian television ... by allowing broadcasters to air additional minutes of advertising if they meet the Commission's criteria."[169] The Commission did not find it necessary to consider incentives for increasing viewing of Canadian French-language drama.

Notwithstanding the Commission's new incentive package for English-language Canadian drama, witnesses and respondents expressed considerable dissatisfaction with the CRTC's approach to priority programming for television drama. The Committee notes that Recommendation 7 of this report calls on the Department of Canadian Heritage to assert its responsibility in the oversight and implementation of the feature film policy. Interestingly, this committee's 2003 Report on broadcasting observed that the Department's involvement in television and radio policy development has evolved to a point where "virtually all … authority for broadcasting policy has been given to the regulator."[170]

In light of this, it is clear that the Department should also be more active in the development of Canada's television policy. Indeed, the Committee is convinced that television drama and comedy production is an important incubator for people who go on to make feature films. With this in mind:

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[168] See: http://www.crtc.gc.ca/archive/ENG/Notices/2003/pb2003-54.htm.

[169] See: http://www.crtc.gc.ca/ENG/NEWS/RELEASES/2004/r041129.htm.

[170] Standing Committee on Canadian Heritage, *Our Cultural Sovereignty: The Second Century of Canadian Broadcasting*, June 2003, p. 582.

RECOMMENDATION 12

The Committee recommends that the Department of Canadian Heritage, in collaboration with film and television industry stakeholders, develop a new policy for the exhibition of priority programming on Canadian television.

An additional problem brought to the attention of the Committee was the absence of a broadcasting policy to support the promotion of Canadian feature films. The Committee recognizes that there are a number of promotional vehicles and mechanisms that could be used for the promotion of Canadian feature film. These include, but are not limited to: trailers, entertainment programs, and segments within newscasts. Finding ways to better promote Canadian films, therefore, might be accomplished by a number of different mechanisms through the broadcasting system. Accordingly, the Committee believes that the CRTC should be directed by the Government of Canada to develop a film, drama and documentary policy that will help promote, support and, by extension, increase audiences for these forms of cultural expression.

RECOMMENDATION 13

The Committee recommends that the Government of Canada direct the CRTC to develop a policy that supports the promotion as well as the viewing of Canadian feature films, long-form documentaries, and drama.

The Role of CBC/Radio-Canada

Canada's national public broadcaster, CBC/Radio-Canada, also needs to be more directly involved in the promotion and exhibition of Canadian feature film. Exactly how this might be done is difficult to prescribe. The Corporation has a broad mandate and in recent years has not been given the resources to meet its mandate.

The difficulties facing the CBC are well-represented by its creation of "Movie Night in Canada" which it used to replace programming lost when the National Hockey League cancelled its 2004-2005 season. The vast majority of the movies shown were American: this was done to generate revenues and audiences that would otherwise have been lost.

While the economic pressures facing the CBC are well understood by the Committee, it seems troubling nevertheless that the Corporation, particularly its English-language service, does not have a clear and well-articulated strategy to ensure the broadcast of Canadian films and long-form documentaries. Indeed, if the CBC is unwilling to broadcast our films, who will?

Although far-reaching measures that go well beyond the scope of this study are probably required, the Committee is convinced that the Corporation could and should be doing more to promote and build audiences for Canadian feature films and documentaries. With this in mind, the Committee calls on the Corporation to take immediate action: Accordingly:

RECOMMENDATION 14

The Committee recommends that the CBC/Radio-Canada develop a long term plan to incrementally increase the number of hours of Canadian feature film and long-form documentaries broadcast on its English and French-language networks. The Corporation should deliver this plan to the Standing Committee on Canadian Heritage within six months of the tabling of this report.

The Government Film Commissioner

The role of the Government Film Commissioner is not particularly well-defined in the legislation creating the office. The *National Film Act*[171] establishes a "Government Film Commissioner" who is appointed by the Governor in Council on the recommendation of the National Film Board (the Board) for a term of five years.[172]

The Commissioner is the chief executive officer of the NFB and is charged with the administration of the operations of the Board. The Commissioner may, subject to the by-laws of the Board, exercise all powers of the Board in the name of the Board: section 17(1).

A slightly fuller explanation of the Commissioner's duties may be found in the section of the Act addressing the purposes of the Board, of which the Commissioner is the chief executive officer. Section 9 of the Act states that:

> the Board is established to initiate and promote the production and distribution of films in the national interest and, in particular,
> *(a)* to produce, distribute and promote the production and distribution of films designed to interpret Canada to Canadians and to other nations;
> *(b)* to represent the Government of Canada in its relations with persons engaged in commercial motion picture film activity in connection with motion picture films for the Government or any department thereof;
> *(c)* to engage in research in film activity and to make available the results thereof to persons engaged in the production of films;
> *(d)* to advise the Governor in Council in connection with film activities; and

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[171] R.S. 1985, c. N-8.

[172] This information is found in sections 16(1) and (2) of the Act.

(e) to discharge such other duties relating to film activity as the Governor in Council may direct the Board to undertake.

As CEO of the Board, the Commissioner presumably directs these initiatives. A further elaboration of the Commissioner's role is set out in the National Film Board website, which states: "In addition to advising the Governor in Council on film matters, the Commissioner is mainly involved in the long-term planning of activities at the NFB, in developing its resources, clarifying its general policies and formulating its production policies."[173] The role of the Government Film Commissioner has not been considered in Canadian jurisprudence, nor has the section of the *National Film Act* establishing the office been the subject of reported legal proceedings.

Under the revised governance structure recommended in this report the Government Film Commissioner would, in effect, be the Minister responsible for Canadian Heritage. The success of any film policy and the supporting programs will require the efforts of the NFB, Telefilm, Canada's broadcasting system and the Department of Canadian Heritage. The Committee is of the view that the revised policy should recognize this reality and remove the title of "film commissioner" from the head of the National Film Board while leaving all other responsibilities of the Film Board unchanged. Accordingly:

RECOMMENDATION 15

The Committee recommends that the legislation governing the *National Film Act* be amended to remove mention of the Government Film Commissioner. Such responsibility should be assumed by the Minister of Canadian Heritage.

C. IMPLEMENTING A NEW POLICY

The objectives of the existing policy were outlined at the outset of this chapter. Two key objectives are to attract creative talent for the making of Canadian feature films and to increase the audiences for those films. One step in meeting these objectives is to address the governance issues discussed above. A second step is to use a full range of mechanisms and instruments to support the policy. A third step is to deal with important matters in organizations responsible for the implementation of the policy. This section discusses these matters and what role should be played by Telefilm Canada and the Department of Canadian Heritage.

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[173] http://nfb.ca/atonf/organization.php?idcat=72&id=866&position=4&v=h&lg=en.

Modernizing Telefilm Canada

During the course of its work, the Committee learned a great deal about the workings of Telefilm. It is the key agency responsible for supporting feature film within Canada and plays a role analogous to that of the Canada Council for the Arts in its support for Canadian artists. To be blunt, the Committee was deeply unimpressed by what it learned about how Telefilm operates and was largely disappointed by the performance of Telefilm representatives who appeared before the Committee. In the view of the Committee, Telefilm, for better or for worse, has become part of the problem. This situation needs to be addressed if there is to be any hope of a more vibrant and successful feature film industry in Canada.

One element of the *Telefilm Canada Act* that should be changed concerns restrictions in the range of experience for members of the board. At present, Section 5 of the Act states that "No person who has, directly or indirectly and individually or as a shareholder, partner or otherwise, any pecuniary interest in the audiovisual industry is eligible to be appointed or to hold office as a member of the Corporation."

While there is an understandable desire to prevent conflicts of interest, this can be handled in a manner that does not create a blanket prohibition against the very kind of expertise and knowledge that at least some of the board members should possess. Blanket restrictions do not apply to the CRTC, or the board of the CBC, where similar problems of potential or perceived conflicts of interest can exist.

The Committee notes the safeguards against conflict of interest found in legislation and other documents. Part X of the *Financial Administration Act* sets out details on disclosures of conflict of interest by directors or officers of Crown corporations, including directors of Telefilm. Treasury Board Secretariat guidelines confirm this legislative proscription. Where the possibility of a conflict of interest arises, a board member must explicitly disclose the nature and extent of his or her interest to the chairperson of the board. This notice should be in writing. Once notice is given, the board member is expected to refrain from voting on the matter that is under consideration.[174]

Given the prohibition against acting in conflict of interest in the *Financial Administration Act* and confirmed in Treasury Board guidelines, the restriction in the *Telefilm Canada Act* against the appointment of board members with a pecuniary interest in the audio-visual industry seems redundant. Therefore,

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[174] Treasury Board of Canada Secretariat, *Directors of Crown Corporations: An Introductory Guide to Their Roles and Responsibilities* (July 1993), http://www.tbs-sct.gc.ca/ccpi-pisc/ig/index_e.asp.

RECOMMENDATION 16

The Committee recommends that the Government of Canada amend the *Telefilm Canada Act* to remove the blanket restriction on the appointment of board members with a pecuniary interest in the audio-visual industry. Adequate safeguards contained in the *Financial Administration Act* and Treasury Board Secretariat guidelines are currently in place to ensure that conflicts of interest are declared and that those with a conflict do not participate in any discussion or decision that affect their own interests directly.

Telefilm's Decision-Making Practices

While it is the most critical agency for the success of Canadian feature film, a number of Telefilm's practices likely hinder the development of Canada's feature film industry. The Committee has concluded that these practices, most of which are internal to Telefilm, should be modified. Doing so would go a long way towards improving the audiences for Canadian feature film.

For example, projects submitted for support to Telefilm are reviewed and decided on by officials within Telefilm. This review process is specific to film and is unlike those used for artists, writers or singer song-writers. While the Canada Council for the Arts provides support to artists, the decision to support particular artists is made by a panel of peers (i.e., other artists). Decisions about what book to publish are made by publishers and editors, while decisions about what sound recordings to support are made by record producers. The one thing that characterizes these decision-making processes is that the final decision is not made by officials. Telefilm is unique in having such important decisions made by officials.

In effect, Telefilm operates something like a Hollywood film studio. It decides what projects to support, invests in them and recoups equity. Unfortunately, none of the market disciplines that apply to the studio system apply to Telefilm. During the past few years Telefilm has developed mechanisms for scrutinizing larger projects. There is no evidence that these mechanisms have produced the desired results in the English-language market.

As noted in Chapter 4, where Canadian practices are compared with those of other countries, Canada is unique in having such a highly centralized decision-making system, where all the crucial decisions are largely made by officials from one organization. Other jurisdictions use a number of different mechanisms to decide which projects to support. Panels that make decisions can include outside experts, peers, and in the case of Germany, a member of the German parliament. In light of this situation:

RECOMMENDATION 17

The Committee recommends that Telefilm Canada develop a peer review system for determining which feature film projects will be supported.

Marketing and Promotion

The marketing of Canadian feature films has been a problem for many years. Although French-language producers have had a good deal of success in solving many of these problems, the situation for English-language Canadian films (other than treaty co-produtions) remains unsatisfactory.

One change brought about by the 2000 film policy was to increase marketing budgets. As seen in Chapter 2, there is no relationship, however, in the English language market between the size of the marketing budget and the success of a film. In addition, there is no relationship between the size of the budget for a film and the success of a film (see figure 5.1). These two facts suggest that there are some serious problems with the type of films that are being made in English Canada and the marketing of those films. With this in mind:

RECOMMENDATION 18

The Committee recommends that Telefilm Canada's new peer review system include marketing professionals who would provide advice on promotional strategies for feature film projects under consideration for funding.

Film Financing Issues

In addition to the peculiar and unsuccessful nature of Telefilm's selection process, there are a number of bureaucratic procedures worth discussing. The two most notable ones are referred to by filmmakers as the "grind" and the "clawback."

The "grind" refers to Telefilm's practice of deducting tax credits from the budget for a film. Producers argue that this has the effect of reducing the value of the tax credits which are designed to help the producer, not Telefilm. The Committee sympathizes with these concerns. Accordingly:

RECOMMENDATION 19

The Committee recommends that the Government of Canada change its policy that requires Telefilm to include tax credits in the overall budget for a feature film.

Since the establishment of the Canadian Film Development Corporation in 1967, an ongoing feature of film policy has required that a percentage of "profits" from equity investment be returned to the responsible agency so that they can be reinvested in feature films. Telefilm is currently responsible for recouping returns. The proceeds from this "recoupment" process (often referred to as 'the clawback') are, in turn, invested in feature films. Based on what the Committee heard, the total amount recouped has always been very modest, so much so that the costs of recouping the equity have sometimes exceeded the actual amount recovered.

One added peculiarity of this process is that the recoupment for English-language films is more onerous than that for French-language films. In the view of the Committee, recoupment procedures and the duration of the recoupment period should be the same in both markets.

While it is odd that the rules are different for French-language films, the underlying peculiarity of the recoupment process deserves additional comment. The Government of Canada supports feature film because it is not viable without subsidy. It supports other cultural industries (e.g., books and magazines) so that more Canadian-authored content is developed than would be the case without the subsidy. No other cultural support program has "equity recoupment," even though some recipients of program support are highly profitable and, indeed, more profitable than any production company dealing in Canadian feature films.

Recoupment of equity was part of the initial film support program when the federal government made a one-time contribution of $10 million to the Canadian Film Development Corporation in 1968. At the time, this contribution was thought to be enough to develop a self-sustaining Canadian feature film industry. As the last decades have shown, this optimism has not been supported. Even with ongoing contributions of $100 million a year, Canada has been unable to develop a self-sustaining feature film industry.

Indeed, given the well-known economics of feature film, it is virtually guaranteed that Canada cannot develop a feature film industry that produces film solely for the domestic Canadian market. Both markets are simply too small.

These reflections lead to the following recommendations about the equity recoupment policy.

RECOMMENDATION 20

The Committee recommends that Telefilm Canada harmonize its recoupment procedures for the two language markets.

RECOMMENDATION 21

The Committee recommends that the Department of Canadian Heritage carry out an evaluation and cost-benefit analysis of Telefilm Canada's recoupment requirements.

A New Role for the Department of Canadian Heritage

Through the course of its study, the Committee learned that there is a great deal of support for individual projects (i.e., a film) but almost no ongoing support for production companies. This is in stark contrast to the federal government's support for book publishing and sound recording and at odds with program support offered in a number of countries around the world.[175]

Indeed, other countries provide support for individual film projects and provide ongoing assistance to production companies. Canada also does it in its ongoing support to book publishers, sound recording companies and Canadian magazine publishers, without making all support project-specific. These forms of support correspond to the "slate funding" process used in the United Kingdom.

In Canada, for example, Canadian-owned book and magazine publishers receive support (based on a formula) for the sales of Canadian-authored titles each year. This support rewards the publisher for the sales of Canadian-authored titles (one goal of the program) and provides support to the firm so that firms, over time, will become more viable (a second goal of the program).

These two program goals (increased sales and more viable publishers) are similar to the goals of the film policy. On the one hand, the policy seeks to increase audiences for Canadian film and, on the other, it seeks to develop and retain talented creators. This second objective will only be achieved if there are viable production companies capable of producing films that attract audiences.

The actual implementation of the policy, however, uses a restricted set of financial mechanisms to achieve its goals. As noted in Chapters 3 and 4, Telefilm Canada has developed a system of "performance envelopes" which attempts to provide something that resembles "slate funding." Performance envelopes are meant to give successful producers a claim on funds for their next projects. In theory, they work in much the same way as support provided to book publishers. If the publishing company has a successful year (measured in sales of Canadian-authored books) then it receives a larger amount from the program with which to publish books in subsequent years.

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[175] It is also in stark contrast to the support given to museums, art galleries, symphony orchestras, as well as, opera and dance companies.

In practice, there are some serious criticisms of the way the performance envelopes have worked in the past few years. The most telling criticism is that they do not produce the desired results, particularly in the English-language market. In the Committee's view, this is in part because performance envelope mechanisms are not the most appropriate mechanism to help build sustainable film production companies. Indeed, if the desire is to establish some form of "slate funding" for production companies, then funding should not be tied to a claim on the next specific project that might be produced.

The mechanisms used in the book publishing and magazine support programs could be applied to several aspects of Canada's feature film policy. Ongoing support could be given to production companies based on the box-office revenues obtained by the company's films. Ongoing support could also be paid to exhibitors for the box-office revenues of Canadian films. Both types of support could be based on a simple formula and would be available to French-language and English-language production companies, distributors and exhibitors. Neither one of these forms of support would intrude on the provinces' jurisdiction over distribution and exhibition. Such an initiative should include measures to deal with the transition to digital and e-cinema formats and should be similar to the one used in support of book publishing. The effect of such support would be to directly reward successful producers, distributors and exhibitors of Canadian films. Accordingly:

RECOMMENDATION 22

The Committee recommends that the Department of Canadian Heritage develop and manage an initiative to provide ongoing support to film production companies, distributors, and exhibitors of Canadian films. This initiative should include a component that provides support for the transition to digital and e-cinema. It should also include a marketing component for a national film promotion strategy (e.g., an Internet portal, First Weekend Clubs, etc.).

Some witnesses suggested to the Committee that attention to exhibition would require some form of federal-provincial agreement; others proposed the creation of a national lottery, similar to what is used in the U.K., to support the production of Canadian feature film. While these ideas are attractive, they are probably unworkable. In addition, they would take a number of years to produce results. For this reason, the Committee considers them an unsuitable approach. The film policy already has some $100 million in program funding and this should be sufficient to meet the objectives of the program. In the Committee's view, the problem is not a lack of funding but a serious problem in the implementation and delivery of the film policy program, particularly in the English-language market.

D. OTHER MATTERS

This final section makes recommendations on other matters raised by witnesses and respondents through the course of the Committee's study.

Long-form Documentaries

A number of witnesses lamented the fact that long-form documentaries were not addressed by the policy. As seen in Chapter 3, respondents to the Committee's questionnaire were unanimous in their view that long-form documentaries should be recognized by the film policy. The Committee agrees. Therefore:

RECOMMENDATION 23

The Committee recommends that a revised feature film policy recognize long-form documentaries.

The Committee recognizes that the funds are not currently available to support long-form documentaries. Hence:

RECOMMENDATION 24

The Committee recommends that the Department of Canadian Heritage establish a funding envelope in support of long-form documentaries.

Treaty Co-productions

As noted in Chapter 3, treaty co-productions have great potential for the Canadian film industry as they give our filmmakers access to a larger pool of resources and talent. However, witnesses raised a number of concerns about the way these treaties have been exploited by third parties with negative consequences for Canada's feature film industry. It is the Committee's view that this situation is in urgent need of review. Therefore:

RECOMMENDATION 25

The Committee recommends that the Government of Canada review the use of treaty co-productions to ensure that Canada's cultural interests are being met.

Script Development

A central tenet of the 2000 film policy was that the success of a film depends on the quality of the script. Witnesses agreed on this and also agreed that more money was needed. They did not, however, have a common view about what should be done to encourage scriptwriting and the development of scripts.

Table 2.11 in Chapter 2 shows the overall progression of scripts funded by Telefilm's Screenwriters Assistance Program (SAP). This table reveals that just 6 of 366 (i.e., 1.6%) of all scripts funded by the program since its inception have been produced. The Committee notes that there are a number of different avenues that could be considered to improve this result. Support for script development could continue with Telefilm Canada, with an augmentation of available funds. Another option would be to transfer the SAP program to the Canada Council for the Arts, which already has a peer review process for supporting writers (e.g., poets and novelists). The most crucial challenge is to develop an approach that is workable and will contribute to more impressive results, particularly in the English-language market.

In light of the time restraints imposed on this committee's study, we have been unable to address this question in detail as it deserves. With this in mind:

RECOMMENDATION 26

The Committee recommends that the Department of Canadian Heritage carry out an evaluation of the current mechanisms that support scriptwriting and script development with a focus on alternatives to the current system of support.

Further to this, as noted in Chapter 3, Canada's national policy framework recognizes and promotes Canadian diversity. To this end, the feature film policy has, as one of its objectives, to foster the quality and diversity of Canadian films. This being said, there was little agreement among witnesses as to how to define diversity for the purposes of meeting this particular objective of the policy.

Time limitations have prevented the Committee from reflecting in greater depth on this question. The Committee recognizes, however, that an important source of strength in

Canadian film is the opportunity for scriptwriters and filmmakers outside Canada's large metropolitan centres to develop projects and bring them to fruition.

In the Committee's view, not enough attention is being paid to this issue. Indeed, there is no reason that support cannot be provided to scriptwriters and film producers who are from linguistic minorities, Canada's ethnic and Aboriginal communities or regions outside Montreal, Toronto and Vancouver. With this in mind:

RECOMMENDATION 27

The Committee recommends that the Department of Canadian Heritage take a lead role in examining ways in which greater support, particularly for scriptwriting, can be given to creators from Canada's regions as well as its ethnic, Aboriginal and minority language communities.

Preservation

Previous reports of this committee have recognized the importance of preserving Canada's cultural heritage for future generations. The preservation of feature film productions fit within these concerns.

It is not clear why the film policy should have as a separate objective the preservation of films. In the view of the Committee, there should be a general policy that pertains to the preservation of our cultural heritage and that policy should necessarily include feature film. Hence:

RECOMMENDATION 28

The Committee recommends that the Government of Canada develop a national policy for the funding and preservation of Canada's cultural heritage. This policy should include the preservation of Canadian feature films.

Training

Witnesses raised a number of issues about the training available for those involved in the creation and production of feature films. One problem is that existing support for training centres does not recognize the contributions that could be made by post-secondary institutions.

Coordinating and working through this issue is a complex matter. In the view of the Committee, an appropriate response by the federal government would be to work with industry stakeholders to see if a sectoral council for training in film is an appropriate vehicle to address this and other issues. Sectoral councils have worked in a number of other areas (e.g., automotive technicians, software development, logistics), where complex relations exist among training institutes, professional organizations and the work of provincial government agencies.

RECOMMENDATION 29

The Committee recommends that the Department of Canadian Heritage work with Human Resources Development Canada and industry stakeholders to examine the feasibility of establishing a sectoral council for training in film and related studies.

Copyright

As noted in Chapter 3, several witnesses and observers noted that current legal protections against video piracy are inadequate and urged reform of the *Criminal Code* and the *Copyright Act* to address this. The Committee was asked to take action to provide adequate legal remedies against the video recording of films in cinemas and the trading of copyrighted and counterfeit material via peer-to-peer file sharing programs. Further, the Committee was informed that greater sanctions against the circumvention of technological protection measures designed to protect copyright material are needed than the ones proposed in Bill C-60, currently before Parliament.

Several observers also took the opportunity to point out gaps in the *Copyright Act* and urge remedial action, particularly as they related to neighbouring rights.

Neighbouring rights represent three additional types of subject matter that are not included within the statutory definition of "works" in the *Copyright Act* but nevertheless receive copyright protection under the Act. These additional areas are (i) performer's performances, (ii) sound recordings, and (iii) communication signals.

Originally, copyright related to author's and artist's "works" which is now defined in the *Copyright Act* to include literary, dramatic, musical, and artistic works. These remain the foundation of copyrighted interests. In more recent times, however, performers, record producers, and broadcasters have been accorded certain rights in their "neighbouring works."

Still, gaps remain. Performers would like to see the *Copyright Act* amended to provide performers with a copyright in an audiovisual work (film, television program or other audiovisual medium).

As well, the *Copyright Act* is silent on the definition of author of an audiovisual work. Opinions varied somewhat on how best to define "author", with some wishing to see the Act amended to recognize the producer as the author and first owner of a completed visual work, while others suggested that screenwriters be recognized as authors in order to gain moral rights in their work and hence secure their claim to authors' levies at home and abroad; and still others suggesting that authorship could be shared between directors and screenwriters.

The Committee is very much aware that the intersection of digital technology and copyright law raises significant issues for film industry stakeholders, including such major topics as peer-to-peer file sharing, technological protection measures, and digital rights management.

Section 92 of the current *Copyright Act* calls for a mandatory review of the legislation within five years of its coming into force in 1997, and for the study of that review by a parliamentary committee. In October 2002, the review entitled *Supporting Culture and Innovation: Report on the Provisions and Operation of the Copyright Act* was completed and was referred to the House of Commons Standing Committee on Canadian Heritage for study.

In March 2004, the Minister of Canadian Heritage and the Minister of Industry jointly submitted a *Status Report on Copyright Reform* to the Standing Committee on Canadian Heritage. The Committee reviewed the Status Report and held a series of meetings to consider six short-term issues. In May 2004, the Committee released its findings and nine recommendations in its *Interim Report on Copyright Reform*.

Bill C-60 was introduced in the House of Commons in June 2005. The bill makes wide-ranging changes to the *Copyright Act* and is primarily designed to address digital issues surrounding copyright.

Given the amendments proposed in Bill C-60 the Committee felt it wise to refrain from specific recommendations in this report. This being said:

The Committee recognizes the pressing need for copyright reform in the digital age and trusts that the ongoing review of the *Copyright Act* will consider all matters of relevance to the feature film industry.

As for the important need for protections against video and cinema piracy.

RECOMMENDATION 30

The Committee recommends that the Government of Canada work with stakeholders to increase protections against video and cinema piracy

and in particular urges the amendment of the *Criminal Code* to explicitly deal with this matter.

A Challenge to Exhibitors

The Committee wishes to close its study of the Canadian feature film industry with the following observation and challenge:

The Committee notes that the market share of English-language Canadian films has risen from 0.2% in 2001 to 1.6% in 2004. As this report has noted repeatedly, this modest increase is not sufficient to significantly increase the visibility of these films and represents a notable failure of Canada's feature film plicy.

Not only are English-language Canadian films not widely exhibited in cinemas throughout Canada, but exhibitions are often very brief and sometimes cut even shorter when other, more profitable films are released. This has been the source of considerable frustration.

To achieve greater visibility for English-language Canadian films, significantly greater screen time for them is needed. With this in mind,

The Committee directly challenges the exhibitors of English-language Canadian films to double the amount of screen time of these Canadian films annually. Such an increase would help expose audiences to a greater number of English-language Canadian films, thus giving expression to the feature film policy in a much more meaningful way.

CHAPTER 6: CONCLUSION

When the Committee embarked on its study of Canada's feature film policy, From Script to Screen, it was to address two main concerns:

- the weak box-office performance of Canadian films in the English-language market; and

- the sustainability of some remarkable increases in audiences for films in Canada's French-language market.

It is very rare for a well-designed policy to produce extraordinary results in one part of the country and to make virtually no difference in the other two-thirds. The Committee is well aware that the challenges faced by English-language feature films are considerable. It notes, however, that federal support programs for Canadian books and sound recording have, over time, found some ways to overcome similar challenges, with promising results.

While wishing to applaud the successes with French-language feature films and determined to ensure the continuation of these accomplishments, the Committee is convinced that serious changes are required if any improvement in audience shares for English-language feature films is to occur.

The challenge is to propose a set of changes that will in no way interfere with the achievements in the French-language market, yet encourage the possibility of similar results for English-language films. The Committee has chosen to do this by proposing some fundamental changes to the policy itself and significant changes to the way the policy and supporting programs are implemented.

From Script to Screen was a significant achievement. Most importantly, it recognized the necessity to "develop and retain talented creators" and "build larger audiences … for Canadian film." The Committee fully endorses these two objectives and remains convinced that they should be the cornerstones of the policy.

To meet these two objectives, however, a related series of changes is required.

The most obvious change is to recognize the existence of two different language markets for film and to set realistic and incremental box-office targets for each market.

In addition to theatrical targets, the Committee believes that far more attention needs to be paid to other contexts in which Canadians see films. As this report notes, Canadians are many times more likely to view films on television or on DVD than in the cinema. For this reason, a revised policy needs to recognize the importance of measuring the viewing of Canadian films in the many non-theatrical contexts where films may be watched.

In our examination of the policy and its implementation several other important factors were brought to our attention by witnesses. First, it was seen that the rigid definition of Canadian content largely inhibits the creation of films with box-office potential in the English-language market. Our recommendation here is to try a different approach, an approach similar to the one used for book publishing and sound recording. We are convinced that such a strategy would provide some needed flexibility for the English-language market, and would in no way inhibit the production of quality movies for the French-language market.

This committee's study has also revealed problems in the implementation of the policy via the various organizations responsible for its discharge. In short, the existing governance and accountability mechanisms are not working. The range of instruments available to support the policy is unduly complicated and bureaucratic; moreover, no one seems to be in charge.

Recommendations to deal with these problems involve recognizing the important role of the Department of Canadian Heritage and expanding the policy support measures offered by the Department.

For example, a clear gap in the range of program instruments is the absence of ongoing support for producers, distributors and exhibitors. To deal with this, the Committee is recommending the development of new support measures directly managed by the Department of Canadian Heritage. These initiatives, which could function much like Canada's support for book publishing, could provide ongoing support to eligible production companies, distributors and exhibitors, based on overall box-office receipts for Canadian films. In doing so, they would not intrude on the provinces' jurisdiction over distribution and exhibition. Moreover, they could be used to provide support for the transition to digital and e-cinema.

Canada's broadcasters also need to be more involved in support of Canada's feature film industry. This is why we recommend that the government direct the CRTC to develop a policy for the promotion of feature films.

As for Telefilm Canada — too much and too little is expected of this Crown Corporation. The Committee found Telefilm to be less than candid when discussing the results of the policy and unwilling to admit the failings in the English-language market. This reluctance highlights the need to have the Department of Canadian Heritage improve its reporting on the results of the policy and programs related to the policy.

A number of changes need to be made to the internal workings of Telefilm. The Committee wants the selection of projects to be done by those qualified to select them and wants this selection process to be similar to that used by other cultural agencies (e.g., the Canada Council for the Arts). In a word, officials should not be deciding what projects to support. They should decide the type of projects eligible for support, but the choice of individual projects should be made by peers and experts from outside Telefilm.[176]

This report also observes that improvements need to be made to the reporting and assessment of progress in reaching the objectives and targets established by the policy. This is why the Committee is calling on the Department of Canadian Heritage to take responsibility for the coordination, collection and publication of relevant performance measures related to the objectives of Canada's feature film policy.

The short time available for the Committee's work has meant that not enough attention could be paid to certain important matters. The report concludes with a number of recommendations on these topics. Perhaps the most important one is that the film policy should include long-form documentaries.

The suite of changes suggested by the Committee will not be difficult to implement. They will require additional effort by some, changes in regulations for others and a different approach to the governance of the system.

Canada is blessed with creative and innovative people. Nowhere is this creativity more evident than in the country's arts and culture. We have world class poets, novelists, singer-songwriters, dancers and dance companies, figure skaters, opera companies and theatre companies. Many Canadians have made films that will be enjoyed for as long as films are watched. This is no small achievement.

The Committee is convinced that the changes recommended in this report will allow creators the opportunity and freedom to make films that can and will attract audiences.

In closing, the Committee wishes to stress that it strongly supports the role of the federal government in support of Canadian feature filmmaking. This support should include long-term stable funding at levels equal to, or greater than, those currently available to Canada's feature filmmakers.

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[176] As the Office of the Auditor General of Canada notes in its November 2005 Report on Support to Cultural Industries, appropriate measures, "including provisions addressing conflicts of interest" need to be in place (p. 46).

LIST OF RECOMMENDATIONS

RECOMMENDATION 1

The Committee recommends that a revised feature film policy and related support programs and measures recognize that Canada's English and French-language film markets are different.

RECOMMENDATION 2

The Committee recommends that the feature film policy set realistic and incremental box-office targets for the viewing of films in the English-language and French-language markets.

RECOMMENDATION 3

The Committee recommends that a revised film policy recognize the importance of measuring audiences for the viewing of Canadian films in the many non-theatrical contexts where films may be watched.

RECOMMENDATION 4

The Committee recommends that the definition of Canadian content for the purposes of feature film be made more flexible, and use criteria that stipulate that two of the following — writer, producer, or director — have to be Canadians and that a certain proportion of the lead actors involved must be Canadian.

RECOMMENDATION 5

The Committee recommends that the Government of Canada designate CAVCO as the single certification authority for Canadian content.

RECOMMENDATION 6

The Committee recommends that CAVCO create a single application process for the certification of Canadian content.

RECOMMENDATION 7

The Committee recommends that the Department of Canadian Heritage assert its responsibility for the design, oversight, implementation, and evaluation of Canada's feature film policy.

RECOMMENDATION 8

The Committee recommends that the Government of Canada develop a new memorandum of understanding that would be signed by all organizations most directly involved in support of the feature film policy. This MOU should recognize the Department's responsibility for the design, oversight, implementation, and evaluation of Canada's feature film policy.

RECOMMENDATION 9

The Committee recommends that the Minister of Canadian Heritage consult on a regular, systematic, and ongoing basis with members of the industry.

RECOMMENDATION 10

The Committee recommends that the Department of Canadian Heritage, in partnership with all organizations most directly involved in support of feature film, be responsible for identifying and ensuring the collection of timely and relevant performance measures on audiences for Canadian feature film.

RECOMMENDATION 11

The Committee recommends that the Department of Canadian Heritage, in partnership with all organizations most directly involved in support of feature film, be required to issue an annual report on relevant performance measures related to the objectives of the Canadian feature film policy.

RECOMMENDATION 12

The Committee recommends that the Department of Canadian Heritage, in collaboration with film and television industry stakeholders, develop a new policy for the exhibition of priority programming on Canadian television.

RECOMMENDATION 13

The Committee recommends that the Government of Canada direct the CRTC to develop a policy that supports the promotion as well as the viewing of Canadian feature films, long-form documentaries, and drama.

RECOMMENDATION 14

The Committee recommends that the CBC/Radio-Canada develop a long term plan to incrementally increase the number of hours of Canadian feature film and long-form documentaries broadcast on its English and French-language networks. The Corporation should deliver this plan to the Standing Committee on Canadian Heritage within six months of the tabling of this report.

RECOMMENDATION 15

The Committee recommends that the legislation governing the *National Film Act* be amended to remove mention of the Government Film Commissioner. Such responsibility should be assumed by the Minister of Canadian Heritage.

RECOMMENDATION 16

The Committee recommends that the Government of Canada amend the *Telefilm Canada Act* to remove the blanket restriction on the appointment of board members with a pecuniary interest in the audio-visual industry. Adequate safeguards contained in the *Financial Administration Act* and Treasury Board Secretariat guidelines are currently in place to ensure that conflicts of interest are declared and that those with a conflict do not participate in any discussion or decision that affect their own interests directly.

RECOMMENDATION 17

The Committee recommends that Telefilm Canada develop a peer review system for determining which feature film projects will be supported.

RECOMMENDATION 18

The Committee recommends that Telefilm Canada's new peer review system include marketing professionals who would provide advice on promotional strategies for feature film projects under consideration for funding.

RECOMMENDATION 19

The Committee recommends that the Government of Canada change its policy that requires Telefilm to include tax credits in the overall budget for a feature film.

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RECOMMENDATION 21

The Committee recommends that the Department of Canadian Heritage carry out an evaluation and cost-benefit analysis of Telefilm Canada's recoupment requirements.

RECOMMENDATION 22

The Committee recommends that the Department of Canadian Heritage develop and manage an initiative to provide ongoing support to film production companies, distributors, and exhibitors of Canadian films. This initiative should include a component that provides support for the transition to digital and e-cinema. It should also include a marketing component for a national film promotion strategy (e.g., an Internet portal, First Weekend Clubs, etc.).

RECOMMENDATION 23

The Committee recommends that a revised feature film policy recognize long-form documentaries.

RECOMMENDATION 24

The Committee recommends that the Department of Canadian Heritage establish a funding envelope in support of long-form documentaries.

RECOMMENDATION 25

The Committee recommends that the Government of Canada review the use of treaty co-productions to ensure that Canada's cultural interests are being met.

RECOMMENDATION 26

The Committee recommends that the Department of Canadian Heritage carry out an evaluation of the current mechanisms that support scriptwriting and script development with a focus on alternatives to the current system of support.

RECOMMENDATION 27

The Committee recommends that the Department of Canadian Heritage take a lead role in examining ways in which greater support, particularly for scriptwriting, can be given to creators from Canada's regions as well as its ethnic, Aboriginal and minority language communities.

RECOMMENDATION 28

The Committee recommends that the Government of Canada develop a national policy for the funding and preservation of Canada's cultural heritage. This policy should include the preservation of Canadian feature films.

RECOMMENDATION 29

The Committee recommends that the Department of Canadian Heritage work with Human Resources Development Canada and industry stakeholders to examine the feasibility of establishing a sectoral council for training in film and related studies.

RECOMMENDATION 30

The Committee recommends that the Government of Canada work with stakeholders to increase protections against video and cinema piracy and in particular urges the amendment of the *Criminal Code* to explicitly deal with this matter.

APPENDIX A

Standing Committee on
Canadian Heritage

Comité permanent du
Patrimoine canadien

TERMS OF REFERENCE
STANDING COMMITTEE ON CANADIAN HERITAGE
THE CANADIAN FEATURE FILM INDUSTRY

It is proposed to conduct a comprehensive study on the evolving role of the federal government in support of the Canadian feature film industry. In particular, the Committee will examine the following:

- The influence and effectiveness of the Government of Canada's Canadian Feature Film Policy (2000)
- The structure and effectiveness of existing direct and indirect support mechanisms (e.g., Telefilm Canada, the National Film Board, Canadian Television Fund, tax credits)

The objective of this study will be to identify the extent to which the Government of Canada's Canadian feature film policy has helped to: develop and retain talented creators; foster quality and diversity of Canadian film; build larger audiences at home and abroad; preserve and disseminate our collection of Canadian films.

APPENDIX B
LIST OF WITNESSES

Associations and Individuals	Date	Meeting
Canada Council for the Arts	17/02/2005	18
Carol Bream, Acting Director, Arts division		
John Hobday, Director		
David Poole, Head, Media Arts Section		
National Film Board of Canada		
Jacques Bensimon, Government Film Commissioner and Chairperson		
Laurie Jones, Director General, Communications and Outreach Development		
Canadian Independent Film and Video Fund	22/02/2005	19
Mary Armstrong, Vice-President		
Robin Jackson, Executive Director		
Canadian Audiovisual Certification Office	24/02/2005	20
Robert Soucy, Director		
Department of Canadian Heritage		
Jean-François Bernier, Director General, Film, Video and Sound Recording		
Canadian Radio-television and Telecommunications Commission	08/03/2005	21
Nick Ketchum, Director, English-language Radio and Television Policy		
Jacques Langlois, Director General, Broadcasting Policy Group		
Marc O'Sullivan, Executive Director, Broadcasting Directorate		
Telefilm Canada	10/03/2005	22
Charles Bélanger, Chair, Board of Directors		
M. S. Wayne Clarkson, Executive Director		
Karen Franklin, Director, English Operations		
Ralph Holt, Sector Head, Feature Film		
Michel Pradier, Director, French Operations and Quebec Office		
Canadian Motion Picture Distributors Association	22/03/2005	23
Douglas Frith, President		
Susan Peacock, Vice-President		
Motion Picture Theatre Associations of Canada		
Adina Leboe, Executive Director		

Associations and Individuals	Date	Meeting
Alliance of Canadian Cinema, Television and Radio Artists	24/03/2005	24
Thor Bishopric, National President, National ACTRA		
Wendy Crewson		
Canadian Conference of the Arts		
Peter Fleming, Consultant		
Jean Malavoy, National Director		
Manitoba Film & Sound	04/04/2005	25
Carole Vivier, Chief Executive Officer		
Manitoba Motion Picture Industry Association		
C.V. Caryl Brandt, Executive Director		
Saskatchewan Film & Video Development Corporation		
Valerie Creighton, Chief Executive Officer		
Saskatchewan Motion Picture Association		
David Hayter, Chief Executive Officer		
Winnipeg Film Group		
Victor Jerrett-Enns, Executive Director		
Kevin Nikkel, Board Member		
Carole O'Brien, Board Member		
Alberta Motion Picture Industries Association	04/04/2005	26
George Baptist		
Shirley Vercruysse		
Alliance of Canadian Cinema, Television and Radio Artists		
Wendy Anderson, National Councillor, Saskatchewan		
Michael Burns, Branch Representative, Saskatchewan		
Claude Dorge, Member, Winnipeg Branch		
Rob Macklin, Member, Manitoba		
National Screen Institute		
Marci Elliott, Senior Director, Marketing and Development		
Susan Millican, Chief Executive Officer		
ACTRA — Toronto Performers	06/04/2005	27
Don McKellar, Actor, Writer and Director		
Sarah Polley, Actor, Director		
FilmOntario		
Sarah Ker-Hornell, Managing Director		
Brian Topp, Co-Chair		

Associations and Individuals	Date	Meeting
Guild of Canadian Film Composers	06/04/2005	27
Christopher Dedrick, President		
Paul Hoffert, Chair, Board of Directors		
Producers' Roundtable of Ontario		
Victoria Hirst, Producer		
Jennifer Jonas, Producer		
Martin Katz, Producer		
Dan Lyon, Producer		
Canadian Association of Film Distributors & Exporters	06/04/2005	28
Ted East, President		
Jeff Sackman, Chairman, Board of Directors		
Canadian Film Centre		
Kathryn Emslie, Interim Executive Director, Director, Film & TV		
Justine Whyte, Executive Director, Feature Film Project		
Documentary Organisation of Canada		
Sandy Crawley, National Executive Director		
Ontario Media Development Corporation		
Marcelle Lean, Chair, Board of Directors		
Kristine Murphy, Director, Business Affairs and Research		
Raina Wells, Manager, Research and Strategic Planning		
Toronto Film Board		
Jack Blum, Industry Co-Chair, Domestic Development Working Group		
White Pine Pictures		
Peter Raymont, President		
Directors Guild of Canada	07/04/2005	29
Pamela Brand, National Executive Director and Chief Executive Officer		
Sturla Gunnarsson, Chair, National Directors Division and Filmmaker		
Arden Ryshpan, Manager, Director Affairs		
PS Production Services Inc.		
Doug Dales, President and Chief Executive Officer		
Women in Film and Television - Toronto		
Kate Hanley, President		
Natalie Kallio, Communications Coordinator		

Associations and Individuals	Date	Meeting
Writers Guild of Canada	07/04/2005	29
Gail Martiri, Director of Policy		
Maureen Parker, Executive Director		
Judith Thompson, Screenwriter		
Canadian Film and Television Production Association	07/04/2005	30
Robin Cass, Triptych Media Inc.		
Sandra Cunningham, Strada Film		
Danny Iron, Foundry Films		
Robert Lantos, Serendipity Point Films		
Alexandra Raffé, Savi Media Inc.		
Cineplex Galaxy LP		
Pat Marshall, Vice-President, Communications and Investor Relations		
Dan McGrath, Executive Vice-President		
Corus Entertainment Inc.		
Scott Dyer, Executive Vice-President, Production and Development, Nelvana Limited		
Andrew Eddy, Vice-President and General Manager, Movie Central		
Gary Maavara, Vice President and General Counsel		
Elaine Partridge, Vice-President, Business Affairs, Nelvana		
Famous Players		
Nuria Bronfman, Vice-President, Corporate Affairs		
Michael Kennedy, Executive Vice-President, Film		
Canadian Diversity Producers Association	14/04/2005	32
Paul de Silva, President		
Canadian Opportunities Partnership		
Andrew Cardozo, Member		
Canadian Screen Training Centre		
Max Berdowski, Executive Director		
Tom Shoebridge, Founder		
Library of Parliament		
Joseph Jackson, Senior Analyst		
As an Individual		
David Black, consultant		
Hoda Elatawi, Independent Producer		

Associations and Individuals	Date	Meeting
Anglophone Filmmakers Outside Montreal	20/04/2005	33
Nicholas Kinsey		
Canadian Association of Film Distributors & Exporters		
Christian Larouche, President, Christal Film		
Patrick Roy, Vice-Chairman		
Canadian Film and Television Production Association		
Arnie Gelbart, Producer		
Kevin Tierney, Producer, Park EX Pictures		
Conseil québécois des arts médiatiques		
Deborah McInnes, General Manager, Main Film		
Barbarra Ulrich, Director General		
Documentary Network		
Malcolm Guy, Member, Board of Directors		
Monique Simard, Vice-Chair		
Independent Media Arts Alliance		
Jennifer Dorner, National Director		
Katherine Jerkovic, Communications Coordinator		
Peter Sandmark, Consultant		
Institut national de l'image et du son		
Michel Bissonnette, Vice-President, Board of Directors		
Suzanne Samson, Assistant Director General		
World Film Festival		
Serge Losique, President		
As Individuals		
Bernard Émond		
Catherine Martin		
Association des réalisateurs et des réalisatrices du Québec	21/04/2005	34
Jean-Pierre Lefebvre, President		
Guylaine Chénier, Director, Dubbing, Technicolor		
Cinémathèque québécoise		
Pierre Jutras, Director, Conservation and program		
Yolande Racine, Chief Executive Officer		
Kevin Tierney, President		

Associations and Individuals	Date	Meeting
Festival du cinéma international en Abitibi-Témiscamingue	21/04/2005	34
Jacques Matte, President		
Guy Parent, Administrator		
Société des auteurs de radio, télévision et cinéma		
Joanne Arseneau, Secretary, Board of Directors		
Mario Bolduc, Vice-President		
Vues d'Afrique		
Nathalie Barton, Treasurer		
Gérard Le Chêne, President and Director General		
Association des producteurs de films et de télévision du Québec	21/04/2005	35
Marc Daigle, President, ACPAV		
Lorraine Richard, President, Cité-Amérique		
Claire Samson, Director General		
Association des professionnels en audio		
Chantal Barrette, Chief Executive Officer		
Raymond Vermette, Vice-President, Board of Directors		
Association des propriétaires de cinémas et ciné-parcs du Québec		
Jean Colbert, President		
Tom Fermanian, President, Cinéma Pine (1991) Inc.		
Mario Fortin, Administrator		
Ré Jean Séguin, Chief Executive Officier		
Hexagram		
Alban Asselin, Director General		
Alain Gourd, President, Board of Directors		
Cilia Sawadogo, Member of the research staff , "Emerging Cinema and Virtual Characters" axis		
National Film Board of Canada		
Jacques Bensimon		
Government Film Commissioner and Chairperson		
Laurie Jones, Director General, Communications and Outreach Development		
Sayedaly Rawji, Director		
Société de développement des entreprises culturelles		
Dominique Jutras, Assistant to the Director General, Politics, Communication and International Relations		
Joelle Levie, Chief Executive Officer, Film and Television		

Associations and Individuals	Date	Meeting
As Individuals	21/04/2005	35
Hervé Fischer		
Competition Bureau	10/05/2005	37
Gaston Jorré, Senior Deputy Commissioner of Competition		
Richard Taylor, Deputy Commissioner , Civil Matters Branch		
Department of Finance		
Len Farber, General Director, Tax Policy Branch		
Edward Short, Senior Tax Policy Officer, Tax Policy Branch		
Department of Canadian Heritage	17/05/2005	38
Jean-François Bernier, Director General, Film, Video and Sound Recording		
Philip Stone, Director General, Trade Investment		
Renetta Siemens, Director, Arts and Cultural Industries Promotion Division		
Department of Foreign Affairs and International Trade (International Trade)		
Sharon Harrison, Acting Director General, International Business Opportunities Centre		
Société Radio-Canada	02/06/2005	41
Suzanne Laverdière, Director, Corporate Affairs and Strategic Planning/French Television		
Alliance of Canadian Cinema, Television and Radio Artists	06/06/2005	42
Nigel Bennett, President, ACTRA- Maritimes		
Canadian Film and Television Production Association		
Mary Sexton, Rink Rat Productions Inc.		
Directors Guild of Canada		
Jarrod Baboushkin, Business Agent, Atlantic Regional Council		
John Houston, First Vice-Chair		
Nova Scotia College of Arts and Design Fine & Media Arts		
Bruce Barber, Professor, Media Arts Department		
Deborah Carver, Executive Director, Development and Special projects		
Nova Scotia Film Development Corporation		
Ann MacKenzie, Chief Executive Officer		
Atlantic Filmmakers Cooperative	06/06/2005	43
Walter Forsyth, Executive Director		
Box Gang Productions		
Bruce McKenna		

Associations and Individuals	Date	Meeting
Creative Action Digital Video	06/06/2005	43
Kimberly John Smith, Director		
Empire Theatres Limited		
Dean Leland, Director of Marketing		
Halifax Film Company Limited		
Michael Donovan		
Telefilm Canada	07/06/2005	44
Charles Bélanger, Chair, Board of Directors		
M. S. Wayne Clarkson, Executive Director		
Elizabeth Friesen, Director, Policy, Planning and Research		
Ralph Holt, Sector Head, Feature Film		
Michel Pradier, Director, French Operations and Quebec Office		
ACTRA - Toronto Performers	09/06/2005	45
Ken Thompson, Director		
Alliance of Canadian Cinema, Television and Radio Artists		
Brian Gromoff, National President, ACTRA - Calgary		
International Alliance of Theatrical Stage Employees, Moving Picture Technicians, Artists and Allied Crafts of the United States, its Territories and Canada		
Don Ramsden, President, Vancouver		
As Individuals		
Bart Beaty, Assistant Professor, Faculty of Communication and Culture, University of Calgary		
Zoe Druick, Assistant Professeur, Simon Fraser University, School of Communication		
Catherine Murray, Associate Professor, Simon Fraser University, School of Communication		
Canadian Film and Television Production Association	09/06/2005	46
Trish Dolman, Producer		
Julia Keatley, Keatley Film Ltd		
Echelon Talent Management		
Andrew Ooi, President		
Landmark Cinemas of Canada		
Neil Campbell, Chief Operating Officer		
Motion Picture Production Industry Association of British Columbia		
Peter Leitch, Chair		

Associations and Individuals	Date	Meeting
Voice Pictures Inc.	09/06/2005	46
Wendy Hill-Tout, President		
As Individuals		
Dave Thomas, President and Owner, Maple and Palm Productions		
Nic Wry		
British Columbia Film	10/06/2005	47
Lodi Butler, Manager, Film Financing		
Michael Francis, Chair, Board of Directors		
Liz Shorten, Manager, Marketing and Communications		
Citizen's Coalition for the Protection of Canadian Films		
Carl Bessai, Chairperson		
First Weekend Club		
Anita Adams, Executive Director		
Moving Pictures: Canadian Films on Tour		
Sauching Ng, General Manager		
Union of B.C. Performers		
Rob Morton, Treasurer, ACTRA – Vancouver		
Howard Storey, President		
Thom Tapley, Business Agent and Digital Media Advisor, ACTRA - Vancouver		
Mercedes Watson, Chief Executive Officer, ACTRA - Brtish Columbia		
Canadian Association of Broadcasters	16/06/2005	49
Glenn O'Farrell, President and Chief Executive Officer		
Canadian Broadcasting Corporation	21/06/2005	50
Richard Stursberg, Executive Vice-President, English Television		
Canadian Film and Television Production Association	23/06/2005	51
Sandra Cunningham, Strada Film		
Guy Mayson, President and Chief Executive Officer		
Alexandra Raffé, Savi Media Inc.		
Department of Canadian Heritage	28/06/2005	52
Jean-François Bernier, Director General, Film, Video and Sound Recording		
Laura Ruzzier, Director, Evaluation Services, Corporate Review Branch		

Associations and Individuals	Date	Meeting
Department of Canadian Heritage	06/10/2005	56
Jean-François Bernier, Director General, Film, Video and Sound Recording		
Jean-Pierre Blais, Assistant Deputy Minister, Cultural Affairs		
Richard Larue, Acting Director, Evaluation Services, Corporate Review Branch		
Ging Wong, Director General , Corporate Review Branch		
Telefilm Canada	17/11/2005	63
Charles Bélanger, Chair, Board of Directors		
M. S. Wayne Clarkson, Executive Director		
Ralph Holt, Sector Head, Feature Film		
Michel Pradier, Director, French Operations and Quebec Office		

APPENDIX C
QUESTIONS FOR CONSIDERATION

(sent to all witnesses following public hearings on June 2005)

Creation and Production

1. The 2000 feature film policy places an emphasis on support for the front-end phases of filmmaking such as scriptwriting and project development.
    a. What can be done to reallocate resources for scriptwriting?
    b. What can be done to increase resources for project development?
    c. Should support for script development and marketing be offset by a reduction in the number of films that receive support?

Marketing

2. Commercially successful filmmakers often spend as much marketing a film as making a film. Canada's feature film policy suggests that the average marketing budget for a $5M film should be approximately $500,000. Is this sufficient?
3. Are new financial instruments required to support the marketing of Canadian films?
4. To what extent is the difference between the levels of success in Canadian French-language and English-language feature films due to differences in marketing budgets?
5. What specific public and private incentives can be put in place to encourage the exhibition of trailers for Canadian films?

Existing Support Mechanisms

6. How well are the existing funding support agencies (Telefilm Canada, Canadian Television Fund, National Film Board, Canada Council) working?
    a. Are all of these agencies required?
    b. To what extent is there a duplication of service?
    c. How could these organizations be improved?
    d. Should any steps be taken to harmonize or integrate the work of existing agencies?
7. What should be done about specific film financing issues (e.g., the application process,

the control of a film's copyright, clawbacks, the grind, the Telefilm decision-making process, performance envelopes, etc)?

8. Existing support mechanisms award funds for the production of specific film projects. Little or no funding support exists to help sustain production companies (i.e., the film production infrastructure). This is in contrast to federal programs in other areas (e.g., book publishing).
    a. Should a separate mechanism to support production companies be developed?
    b. If yes, who should manage such a program?
9. Are existing federal tax credit incentives (The Canadian Film or Video Production Tax Credit (CPTC) and the Production Services Tax Credit (PSTC)) sufficiently flexible?
10. Should the CPTC be increased to reward the use of a greater number of Canadians?
11. What can be done to encourage greater private investment in Canadian feature films?

Distribution and Exhibition

12. Do current ownership rules for film distributors inhibit access to Canadian feature films? If yes, what can be done?
13. Does the ownership of film exhibitors inhibit access to Canadian feature films? If yes, what can be done?
14. Are new financial instruments required to support the distribution and exhibition of Canadian films?
15. The licensing of films for distribution and exhibition in Canada is a matter of property and civil rights and as such falls wholly within provincial jurisdiction under section 92(13) of the *Constitution Act, 1867*. With this in mind, how can the federal government work with the provinces to encourage the distribution and exhibition of Canadian feature films?
16. Are there any specific exhibition strategies (e.g., in schools, First Weekend Clubs, etc.) that could be used to develop audiences for Canadian films? What role could the federal government play?

Training

17. What specific improvements need to be made to the education and training programs for those aspiring to work in the feature film industry?
18. Are there any ongoing training needs required for those who are currently working in the feature film industry? How might this be done?

Preservation

19. The Auditor General's November 2003 report notes that the preservation of Canada's

cultural heritage, including feature films, is at risk. What measures are required to ensure the preservation of Canada's feature film heritage?

Governance

20. Is the current organization and governance of the institutions directly and indirectly involved in the support of Canadian feature film appropriate? What specific changes in governance are required?

21. Does the Canadian content certification system (CAVCO) help foster, or hinder, the creative process that underlies the production of Canadian feature films?

22. The CRTC and CAVCO do not use the same criteria to certify Canadian content. Recent reports have suggested that one arm's-length organization should be responsible for the certification of Canadian content. Would this help the Canadian feature film industry?

23. Telefilm's equity recoupment process involves ongoing costs for producers. Should equity recoupment be limited to a fixed period after a film is released (e.g., for three years)?

24. The 2000 feature film policy made permanent a panel comprised of industry representatives, known as the Canadian Feature Film Advisory Group. The purpose of this panel was to provide advice to Telefilm Canada on how best to achieve the objectives of the policy. In April 2005 the Minister of Canadian Heritage dissolved the Advisory Group.

    a. Was the Canadian Feature Film Advisory Group an effective policy oversight instrument?

    b. What were its strengths and weaknesses?

    c. Is an advisory group still needed? If yes, please provide details on its potential membership and mandate. If no, please explain why the group is not necessary.

Film Policy Questions

25. How should the policy define feature films?

26. How should "Canadian content" be defined for the purposes of the feature film industry?

27. What could be done to harmonize, modernize or simplify existing definitions of Canadian content?

28. Should the feature film policy support the production of long form documentaries?

29. An objective of the current feature film policy is to foster the quality and diversity of Canadian feature films. How should diversity be defined and measured?

30. The feature film policy does not mention the creation or preservation of jobs made possible by foreign location shooting in Canada. Should industrial objectives be an

element of the feature film policy?

31. Should different objectives, targets and measures be developed for the French- and English-language markets?

32. Data on Canadian film audiences (e.g., age, sex, language) and their viewing preferences (e.g., theatrical, television, DVD, etc.) are difficult to obtain. Should a revised policy place a stronger emphasis on measurement?

33. Since 1967, Canadian feature film policy, and the programs designed to support it, has assumed that Canadian feature films should be promoted and distributed within the existing framework designed for Hollywood films. Given the limited levels of success in reaching audiences in this manner in the English-language market (and the costs involved), should this assumption be reconsidered?

34. Witnesses have suggested the development of an alternate distribution system using new exhibition methods such as e-cinema and d-cinema.

    a. Is this feasible?

    b. What would be the likely costs?

    c. How could such a system be developed?

35. Looking ahead five years, what targets should a revised policy set for the Canadian feature film industry? What would be required to bring these about?

Related Policy Questions

36. What specific changes, if any, need to be made to CRTC policies?

37. What specific policies or practices do the CBC and Radio-Canada need to put in place to enhance the viewing of Canadian feature films?

38. Do treaty co-productions have a positive or negative impact on the creation of Canadian feature films?

39. Are any specific changes to copyright law or policy required?

Measurement

40. Canada's feature film policy sets an annual target of 5% for the viewing of Canadian films in theatrical release.

    a. Is this a reasonable target?

    b. Is this a useful way to measure the extent to which Canadian films are reaching audiences?

c. Should there be separate targets for the English and French-language markets?

41. The 2000 feature film policy does not take into account other ways that Canadian feature films may reach audiences (e.g., conventional broadcasting, pay-per-view, specialty and digital services, PVRs, DVDs, video-on-demand, peer-to-peer file-sharing).

    a. What are the most appropriate performance measures for Canada's feature film policy?

    b. Should a revised policy recognize non-theatrical distribution and exhibition methods?

    c. Should a revised policy place a stronger emphasis on support for non-theatrical distribution and exhibition methods.

    d. Should performance measures include the viewing of feature films on television and through video sales and rentals?

42. Rather than measuring the success of Canadian films against Hollywood blockbusters, should performance measures focus on how well Canadian films compete with films made by foreign independent filmmakers?

43. Who should be responsible for gathering and reporting on performance measures?

APPENDIX D
RESPONSES TO QUESTIONS FROM THE INTERIM REPORT

ACTRA — Toronto Performers

Alberta Motion Picture Industries Association

Association des producteurs de films et de télévision du Québec

Association des professionnels en audio

Association des propriétaires de cinémas et ciné-parcs du Québec

Association des réalisateurs et des réalisatrices du Québec

British Columbia Film

Canadian Association of Film Distributors & Exporters

Canadian Broadcasting Corporation

Canadian Film and Television Production Association

Canadian Film Centre

Canadian Independent Film and Video Fund

Canadian Motion Picture Distributors Association

Cineplex Galaxy LP

Citizen's Coalition for the Protection of Canadian Films

Clark, Joe

Creative Action Digital Video

Directors Guild of Canada

Documentary Network

Documentary Organisation of Canada

Druick, Zoe and Murray, Catherine

FilmOntario

Independent Aboriginal Screen Producers Association

Manitoba Film & Sound

Motion Picture Theatre Associations of Canada

National Film Board of Canada

National Screen Institute

Newman, David

Nova Scotia College of Arts and Design Fine & Media Arts

Nova Scotia Film Development Corporation

Ontario Media Development Corporation

Producers' Roundtable of Ontario

Saskatchewan Film & Video Development Corporation

Société des auteurs de radio, télévision et cinéma

Union des artistes

Women in Film and Television - Toronto

Writers Guild of Canada

APPENDIX E

CHRONOLOGY OF CANADIAN FEATURE FILM

1896	The first public exhibition of motion pictures in Canada takes place in Montreal.
1897	The first Canadian films are produced by James Freer, a Manitoba farmer. They depicted life on the Prairies.
1903	The first Canadian film exchange is opened in Montreal by Léo-Ernest Ouimet.
1906	Ouimet opens the first permanent cinema in Montreal.
	Brothers Jay J. and Jules Allen open a theatre in Brantford, Ontario; they would go on to build the Allen Theatres chain.
1911	Ontario establishes the Ontario Board of Censors.
	The Allen brothers build their first luxury theatre in Calgary.
1913	The first Canadian feature film – *Evangeline* – is produced.
1916	N.L. Nathanson opens a theatre in Toronto; he would go on to build the Paramount Theatres chain.
1917	The Ontario government establishes the Ontario Motion Picture Bureau.
	The first film studio in Canada opens in Trenton, Ontario.
1919	American producer Adolph Zukor acquires a substantial interest in the Paramount Theatres chain.
1920	The Famous Players Canadian Corporation (FPCC) is incorporated, backed by Zukor with Nathanson in charge.
1922	The Allen Theatres chain goes bankrupt.
1923	The federal government establishes the Canadian Government Motion Picture Bureau.

FPCC gains control of the Canadian exhibition market when it acquires all of the Allen Theatres.

1930 Zukor acquires direct control of FPCC, which becomes a subsidiary of Paramount Pictures.

The federal government launches an investigation into the Canadian film industry under the *Federal Combines Investigation Act*. Commissioner Peter White conducts the hearings.

1931 Commissioner White reports that FPCC is a combine. Legal action is launched in Ontario, but FPCC is found not guilty.

1934 The Ontario Motion Picture Bureau and the film studio in Trenton are closed down.

1935 The National Film Society of Canada is incorporated.

1938 The federal government invites John Grierson, a Scottish film producer, to study government film activities. Grierson recommends creating the National Film Commission.

1939 The federal government creates the National Film Commission (soon the National Film Board of Canada – NFB), with Grierson as its first commissioner.

1941 The NFB absorbs the Canadian Government Motion Picture Bureau.

Nathanson launches the Odeon Theatres chain, with his son Paul as head of the company.

1944 Commercial feature-film production begins in Quebec with the establishment of Renaissance Films.

1946 The first Canadian feature film in both English and French – *Whispering City/La Forteresse* – is shot by Québec Productions of St-Hyacinthe.

Budge and Judith Crawley incorporate Crawley Films in Ottawa.

Paul Nathanson sells his interests in Odeon to the Rank Organization of Great Britain.

1948 The Canadian Co-operation Project enters into effect. To prevent the taxation of profits and the imposition of a quota system, the Motion Picture Association of America agrees to make films in Canada, refer to Canada in feature films, and distribute more NFB shorts. It lasts until 1958.

1949 The Canadian Film Awards are inaugurated.

The federal government creates the Royal Commission on National Development in the Arts, Letters and Sciences, known as the Massey Commission after its chairman, Vincent Massey.

1950 Parliament passes the *National Film Act* expanding the mandate of the NFB.

The National Film Society of Canada is renamed the Canadian Film Institute.

The first film festival in North America is held in Yorkton, Saskatchewan.

1951 The Massey Commission submits its report.

The Canadian Film Archives Committee is formed, with the NFB as temporary custodian of historical films.

1954 The federal government introduces the 60% capital cost allowance (CCA) to encourage private investment in feature film.

1958 The Canadian Co-operation Project comes to an end.

1962 Connaissance du cinéma is founded.

1963 The Government of Canada signs its first co-production treaty with a foreign government – France.

The federal government establishes the Interdepartmental Committee on the Possible Development of Feature Film Production in Canada, chaired by Guy Roberge, the Commissioner of the NFB.

The Canadian Film Institute establishes the Canadian Film Archives.

1965 The Interdepartmental Committee on the Possible Development of Feature Film Production in Canada releases a report by O.J. Firestone, a professor of economics at the University of Ottawa, entitled *Film distribution practices, problems, and prospects*.

1967 The federal government creates the Canadian Film Development Corporation (CFDC) and allocates $10 million.

	A fire at the NFB destroys the historical holdings of the Canadian Film Archives.
1968	FPCC is replaced by Famous Players Ltd., 51% of which is owned by Gulf+Western (Canada) Ltd, which is wholly owned by Gulf+Western of the United States.
1969	The Ontario Film Institute is founded.
1971	The federal government increases the CFDC budget by a further $10 million.
	Connaissance du cinéma is renamed the Cinémathèque québécoise.
1972	The Pacific Cinematheque is formed in Vancouver.
	The Council of Canadian Filmmakers (CCFM) is formed.
1973	The federal government negotiates a voluntary quota with the two major theatre chains.
	The Public Archives of Canada establishes the National Film Archives Division.
1974	The CCFM calls for radical solutions for getting Canadian films shown in Canada.
	The Capital Cost Allowance (CCA) in the *Income Tax Act* is extended to feature film production, allowing 100% deduction of investments in Canadian film production.
	The federal government creates the Canadian Audio-Visual Certification Office (CAVCO) to administer the CCA program for feature films.
	A point system for measuring Canadian content is introduced.
	The Canadian Film Institute devolves its film collections to the Public Archives of Canada.
1975	The federal government negotiates another voluntary quota agreement with Famous Players and Odeon Theatres.
	The Institut québécois du cinéma is created.
	RSL Films is established.
1976	The federal government increases the CFDC budget by $5 million and decides to fund the CFDC through an annual parliamentary appropriation.

The first Festival of Festivals is held in Toronto.

The Moving Image and Sound Archives Division of the Public Archives of Canada is created in Ottawa.

Odeon Theatres is bought by Canadian interests.

The federal government abandons voluntary quotas.

1977 The first World Film Festival is held in Montreal.

1978 The release of *The Silent Partner* marks the beginning of the "tax-shelter" boom.

Atlantis Films is established.

1979 The Academy of Canadian Cinema and Television is created to implement the Genie Awards, which replace the Canadian Film Awards.

Cineplex opens a 21-screen theatre in Toronto's Eaton Centre.

International Cinema Corporation is established.

1980 The federal government establishes the Federal Cultural Policy Review Committee, chaired by Louis Applebaum and Jacques Hébert.

1981 The Alberta Motion Picture Development Corporation is created.

Porky's is released and becomes the highest-grossing Canadian feature film.

1982 The Applebaum-Hébert Committee issues its report.

The Vancouver International Film Festival begins.

1983 Quebec creates La Société générale du cinéma.

The Supreme Court of Ontario rules the Ontario Board of Censors is operating in violation of the *Canadian Charter of Rights and Freedoms*.

1984 The federal government issues the National Film and Video Policy.

The CFDC becomes Telefilm Canada.

Cineplex buys Odeon Theatres, creating Cineplex Odeon Corporation.

1985 The Ontario Board of Censors is disbanded and replaced by the Ontario Film Review Board.

The Task Force on the Canadian Film Industry is created to analyze the structural problems of the industry. Co-chaired by Marie-Josée Raymond and Stephen Roth, it presents its report entitled *Canadian Cinema: A Solid Base*.

RSL Films and International Cinema Corporation join forces and become Alliance Entertainment Corporation.

1986 The federal government creates the Feature Film Fund.

Cineplex Odeon comes under American control when MCA Inc. acquires 49%.

Ontario creates the Ontario Film Development Corporation.

1987 British Columbia Film is established.

Manitoba and the federal government create the Cultural Industries Development Office.

The Public Archives of Canada becomes the National Archives of Canada.

The federal government introduces legislation to limit the rights of American distributors. However, following intense lobbying by Hollywood studios, the legislation dies on the *Order Paper*.

1988 The federal government announces the Feature Film Distribution Policy. It includes foreign investment policy guidelines under the *Investment Canada Act*.

The federal government creates the Feature Film Distribution Fund.

Canadian-born filmmaker Norman Jewison founds the Canadian Film Centre to provide training for emerging film professionals.

The Canadian Film Institute merges with the Conservatory of Cinematographic Art of Montreal to form Cinémathèque Canada.

Saskatchewan creates SaskFilm.

1990 The federal government establishes the Cultural Industries Development Fund, administered by the Business Development Bank of Canada.

The Ontario Film Institute becomes Cinematheque Ontario and the Film Reference Library when the Toronto International Film Festival Group takes over its management.

The Nova Scotia Film Development Corporation is formed.

1991 The Canadian Independent Film and Video Fund is established as a national, non-profit organization to fund private film production in Canada.

1994 The federal government approves the takeover of Famous Players by Viacom Inc., the world's third largest media company.

The Festival of Festivals in Toronto becomes the Toronto International Film Festival.

The Institut québécois du cinéma is combined with the Société générale des industries culturelles (SOGIC) to create the Société de développement des entreprises culturelles (SODEC).

The federal government creates the Task Force on the Preservation and Enhanced Use of Canada's Audio-Visual Heritage.

1995 The Canadian Film or Video Production Tax Credit (CPTC) program replaces the CCA program. The CPTC provides a refundable tax credit of up to 12% on Canadian productions.

The Task Force on the Preservation and Enhanced Use of Canada's Audio-Visual Heritage issues a report entitled *Fading Away: Strategic Options to Ensure the Protection of and Access to our Audio-Visual Memory*.

The federal government reduces funding to a number of cultural programs, including Telefilm Canada and the NFB.

The federal government establishes the Mandate Review Committee under the chairmanship of Pierre Juneau to carry out a study of the mandates of the Canadian Broadcasting Corporation, the National Film Board, and Telefilm Canada.

1996 The Mandate Review Committee issues its report, entitled *Making Your Voices Heard: Canadian Broadcasting and Film for the 21st Century*.

The Alliance for Canada's Audio-Visual Heritage is founded; it is subsequently renamed the Audio-Visual Preservation Trust of Canada.

The Alberta Motion Picture Development Corporation ceases operations.

1997 The federal government creates the Film or Video Production Services Tax Credit.

1998 Cineplex Odeon Corporation merges with Loews Theatres, creating Loews Cineplex Entertainment.

Alliance Communications and Atlantis Films merge to become Alliance Atlantis Communications.

The chain of Cineplex Odeon theatres is bought by Sony, while the Canadian distribution division, Cineplex Odeon Films, is sold to Alliance Atlantis.

The Minister of Canadian Heritage, Sheila Copps, launches a review of Canada's feature film policy. The Department of Canadian Heritage releases a discussion paper entitled *A Review of Canadian Feature Film Policy* and creates the Feature Film Advisory Committee.

Manitoba's Cultural Industries Development Office becomes Manitoba Film & Sound.

1999 The Feature Film Advisory Committee issues its report, entitled *The Road to Success*.

The House of Commons Standing Committee on Canadian Heritage releases its report entitled *A Sense of Place, A Sense of Being: The Evolving Role of the Federal Government in Support of Culture in Canada*.

The Minister of Canadian Heritage, Sheila Copps, requests a review of management practices of federal mechanisms in support of film and television production.

Galaxy Entertainment Inc. is founded.

2000 The Report of the Review of Management Practices of Federal Mechanisms in Support of Film and Television Production is released in February.

The Follow-up Report on the Review of the Federal System of Support to Film and Television Production is released in September.

The federal government launches the new Canadian Feature Film Policy, entitled *From Script to Screen*.

2001 The Canadian Feature Film Fund, managed by Telefilm Canada, begins operations with an annual budget of $100 million.

2002 The Minister of Canadian Heritage, Sheila Copps, commissions François Macerola to prepare a report on Canadian content in film and television productions.

The Department of Canadian Heritage issues a discussion paper entitled *Canadian Content in the 21st Century*.

Loews Cineplex Entertainment is acquired by Onex Corporation and Oaktree Capital Management.

2003 François Macerola submits his report entitled *Canadian Content in the 21st Century in Film and Television Productions: A Matter of Cultural Identity*.

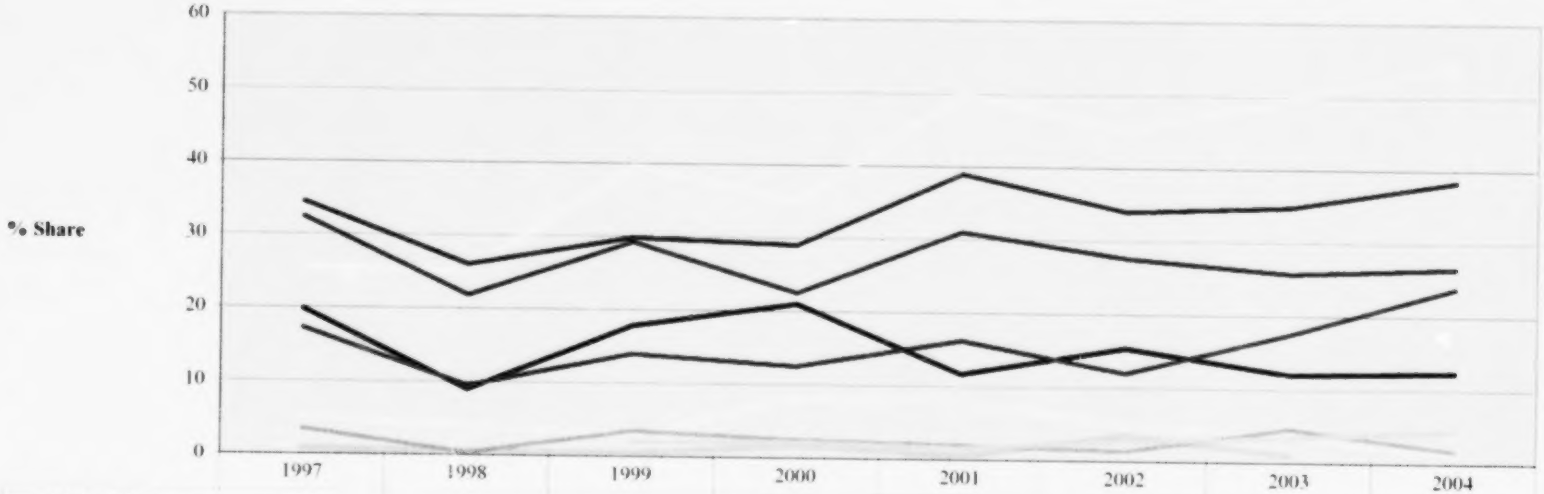
The Canadian assets of Cineplex Odeon Corporation are merged with Galaxy Entertainment Inc. to create Cineplex Galaxy LP.

2004 *Les Invasions Barbares* wins the Academy Award for best foreign language film.

Onex and Oaktree sell their interests in Loews Cineplex Entertainment, but retain control of Cineplex Galaxy LP.

2005 Cineplex Galaxy acquires Famous Players from Viacom Inc. A consent agreement with Canada's Commissioner of Competition requires Cineplex Galaxy to sell 34 theatres.

APPENDIX F
MARKET SHARE OF DOMESTIC BOX OFFICE



	1997	1998	1999	2000	2001	2002	2003	2004
United Kingdom	19.8	9	17.8	21	11.7	15.4	12	12.4
Taiwan	0.8	0.4	0.4	1.7	0.5	3.5	1	
Republic of Korea	25.5	25	39.7	35	50	45.2	49.7	54.2
Australia	5	4	3	8	7.8	5.1	3.5	1.3
Germany	17.2	9.5	14	12.5	16.2	12	17.5	23.8
France	34.5	26	29.8	29	39	34	34.8	38.4
Belgium	3.5	0.3	3.5	2.5	2	1.4	4.6	1.7
European Union	32.4	21.8	29.2	22.5	31	27.6	25.7	26.5
Canada			2	2.2	1.6	2.7	3.4	4.5

APPENDIX G
CANADIAN SUPPORT MEASURES

Agency	Budget (latest year available)	Production/Development	Distribution/Exhibition/ Promotion	Other
Telefilm Canada • Telefilm Canada is a federal cultural agency dedicated primarily to the development and promotion of the Canadian film, television, new media and music industries. Telefilm Canada reports to the Department of Canadian Heritage. • One of Telefilm's key goals is to increase the domestic market share of Canadian films to 5% by 2006. • Telefilm administers the Equity Investment Program on behalf of the Canadian Television Fund. Of the $114.6 million available in the Equity Investment	• *Total Budget* – $251.6 million (2003-04) • *Canada Feature Film Fund-Production* – $61.5 million (2003-04) • *Canada Feature Film Fund-Development* – $6.2 million (2003-04) • *Canada Feature Film Fund-Marketing* – $13.3 million (2003-04) • *Complementary Activities* – $6.7 million (2003-04) • *Screenwriting Assistance Program* – $1.2 million (2003-04) • *Low-Budget Independent Feature Program* – $1.5 million (2003-04) • *Industrial & Professional Development* – $430,000 (2003-04) • *National Training Program* – $2.3 million (2003-04) • *Canadian Television Fund Equity Investment Program* – $114.6 million (2003-04)	• *Canadian Feature Film Fund* has the overall objective of increasing Canadian theatrical audiences for Canadian films. • *Canada Feature Film Fund-Development Financing for Producers* sets out financing schemes for both the English and French language markets: for the English market financing is in the form of a non-interest bearing repayable advance of up to 80% of the development budget or $300,000; for the French market financing in the form of a non-interest bearing repayable advance of up to 60% of eligible development costs or $150,000. • *Canada Feature Film Fund Production Financing for Producers* makes financing by way of equity investment of up to $3.5 million, or 49% of Canadian production costs available for projects with potential to succeed at the box office. • *Canada Feature Film Fund-Screenwriting Assistance Program* to develop creative talent and feature film screenplays that have high box office potential. A non-interest bearing repayable advance of $11,822 is awarded for a script outline and	• *Canadian Feature Film Fund-Marketing Financing for Distributors* makes financing available for Canadian theatrical release costs from early stage marketing costs, to test marketing and campaign creation to prints and advertising. Financing is in the form of a non-interest bearing repayable advance of up to 75% of the marketing costs for the release of the film. • *Canadian Feature Film Fund-Canada Showcase* to increase awareness of high quality Canadian works at Canadian festivals, and to encourage opportunities to celebrate, showcase and market Canadian works at festivals that are international, national or regional in scope. Financial assistance of up to 15% of the event's budget is available. • *Canadian Feature Film Fund-International Markets & Festivals Participation* helps Canadian productions enter major industry events and provides subtitling assistance under certain conditions for participation in recognized events.	• *Industrial Professional Development Fund* makes grants available to organizations active within the industry to deliver high calibre mid-career training to industry professionals. The total amount allocated to the fund is $500,000 and there are different contracts awarded each year. • *National Training Program in the film & Video Sector* provides core funding to internationally recognized training schools in Canada that provide highly specialized, applied training to talented Canadians in preparation for a dedicated career in film and video production. Financial assistance takes the form of a contribution of up to 50% of the applicant's operating costs per year for three years.

Agency	Budget (latest year available)	Production/Development	Distribution/Exhibition/ Promotion	Other
Program, $7.5 million is earmarked for feature film projects. *Canadian Television*		$16,550 for a first draft. • *Canada Feature Film Fund-Low Budget Feature Film Assistance Program* supports the production and post-production/completion of high-quality, original and culturally relevant low-budget features. Assistance is provided in the form of a non-interest bearing repayable advance of up to 65% of total budget or up to $200,000. • *Theatrical Documentary Pilot Program* to support the development, production and post-production/completion of documentary features. An equity investment of $250,000 is available for development, production, post-production and a non-equity advance of $100,000 is available for completion. • *Canadian Television Fund Equity Investment Program* provides assistance for feature films through direct cash investments which result in undivided copyright ownership in eligible productions. The investment in an eligible production may be up to 49%. In some cases the Equity Investment Program may also participate in productions through loans, advances and contributions.		

Agency	Budget (latest year available)	Production/Development	Distribution/Exhibition/ Promotion	Other
Fund • A private non-profit organization responsible for supporting the production and broadcast of high-quality Canadian television programs. • The CTF is funded through contributions from the Department of Canadian Heritage, the Canadian cable industry, the direct-to-home satellite industry, broadcast distribution undertakings, and Telefilm Canada.	• *Total Budget* – $255.2 million (2003-04) • *License Fee Program (Features)* – $7.5 million (2003-04)	• *Canadian Television Fund License Fee Program* has earmarked $7.5 million total each year for feature film projects. For English-language features the CTF provides an investment of four times the license fee, 20% of Canadian production costs or $500,000 (the lesser of the three). For French-language productions the CTF provides eight times the license fee, 20% of Canadian production costs, or $500,000 (the lesser of the three).		

Agency	Budget (latest year available)	Production/Development	Distribution/Exhibition/ Promotion	Other
Canada Council for the Arts • A national arm's length organization with a mandate to foster and promote the production and enjoyment of the arts in Canada. • Funding comes through an annual appropriation from Parliament, endowment income, donations and bequests. • Of the $12.7 million allocated to the media arts in 2003-04, approximately $1 million was used for feature film related activities.	• *Total Budget* – $137 million (2003-04) • *Media Arts Grants* – $12.7 million (2003-04)	• *Grants to Film & Video Artists* assists Canadian artists working with film and video as means of artistic expression. *Research/Creation grants of up to* $60,000 provide artists with opportunities for creative renewal, experimentation, professional development, research, and production of independent film and video artworks. *Production Grants* of up to $25,000 cover the direct costs of production and post-production of independent film or video artworks by film and video artists. *Scriptwriting Grants of up to* $20,000 cover the direct costs of scriptwriting. • *Aboriginal Media Arts Program* provides grants to Aboriginal media artists to help them develop their careers and produce independent media artworks. Grants of up to $20,000 are available for scriptwriting, research, and development; up to $60,000 for production and completion of an independent artwork; up to $60,000 for professional development and training. • *Grants to Media Arts Production Organizations: Project Development Grants* supports time-limited projects initiated by Canadian non-profit, artist-run organizations, groups or collectives. The projects must be intended to provide enhanced opportunities for the production of independent media artworks by Canadian artists. Grants of up to $20,000 are available.	• *Grants for Media Arts Dissemination: Annual Assistance for Programming* is directed to Canadian non-profit artist-run organizations that present Canadian independent media artworks to the public through an annual, ongoing program. The objective is to develop committed audiences for media arts. There is no fixed amount for the grant. • *Grants for Media Arts Dissemination: Annual Assistance to Media Arts Festivals* provides grants to nationally and internationally recognized media arts festivals that raise the profile of Canadian independent media art. There is no fixed amount for the grant. • *Grants for Media Arts Dissemination: Annual Assistance for Distribution Organizations* offers annual assistance to Canadian non-profit, media arts distribution organizations that distribute independent work by Canadian media artists. A two-year grant is available to contribute to the direct costs of distribution activities, promotional activities, and administration. • *Media Arts Dissemination Project Grants* assists non-profit Canadian arts organizations to undertake innovative, time-limited projects that disseminate Canadian independent media artworks to the public. Average grants have been $15,000.	• *The Flying Squad* makes a grant of up to $8,000 available to non-profit media arts organizations for the purpose of organizational research and planning, mentoring, collaborative initiatives and professional development. The program is intended to help strengthen organizational capacity and assist individuals develop skills, networks, and support systems. • *Travel Grants to Media Arts Professionals* assists Canadian, independent media artists to travel on occasions important to the development of their artistic practice or career. Grants of up to $2,500 are available. • *Media Arts Commissioning Program* supports organizations commissioning Canadian artists to produce media artworks for presentation to local, national or international audiences. Grants of up to $100,000 contribute to costs related to the production and presentation of commissioned works.

Agency	Budget (latest year available)	Production/Development	Distribution/Exhibition/ Promotion	Other
				• *Assistance to Media Arts Production Organizations* offers operating assistance to Canadian non-profit, artist-run media arts organizations. These funded organizations will provide support for production of independent media art to Canadian artists. The program involves three levels of assistance: Start up assistance grants of up to $20,000; Annual Operating Assistance and Multi-Year Operating Assistance grants of no fixed amount. • *Visiting foreign Artists Program* provides grants of up to $3000 for Canadian professional arts organizations to encourage visits by individual professional foreign artists of outstanding achievement. These visitors will conduct workshops, and master classes. • *Artists and Community Collaboration Fund* is a designated investment that brings together professional artists and the broader community. The fund offers financial support to projects that connect professional artists and communities. Grants of no fixed amount are available.

Agency	Budget (latest year available)	Production/Development	Distribution/Exhibition/ Promotion	Other
National Film Board of Canada - National cultural agency charged with the production, distribution and promotion of diverse, challenging and culturally relevant documentary works.	- *Total Budget* – $67.3 million (2003-04) - *English Production* – $25.9 million (2003-04) - *French Production* – $17.7 million (2003-04) - *Marketing* – $2.7 million (2003-04) - *Distribution* – $7.9 million (2003-04) - *Communications & Outreach Development* – $9.8 million (2003-04)	- Independent directors may submit proposals for documentary films to the National Film Board. Proposals may then be accepted to be developed and eventually produced and marketed through the National Film Board. - The National Film Board participates in co-productions with independent filmmakers with projects that fit its mission and goals. NFB financial contributions range from 30% to 49% of the overall budget. - *Filmmaker Assistance Program* is designed to help developing independent filmmakers complete their films by providing assistance in the form of technical services up to a cash value of $5,000 per project. - *Aboriginal Filmmaking Program* to support documentary films by Aboriginal directors. National Film Board support of no fixed amount is available at both the development and production stages. - *Reel Diversity* invites project proposals from emerging visible minority filmmakers. Three will be selected to go into full production with an overall budget of $200,000 per project.	- The National Film Board maintains an extensive distribution network for its own film products and those of private producers. The NFB invites applications from private producers who would like their film(s) distributed through this network.	- *SPARK Initiative* provides opportunities to help filmmakers develop their skills and access film and video industry training programs. - *First Stories* to further the technical skills of emerging Aboriginal filmmakers from Manitoba by providing intensive training workshops. - *Equity Training Program* provides professional development in film and video for members of employment equity designated groups. - *Momentum* is a seven-week program for Ontario filmmakers designed to provide them with insight into the documentary film industry. It offers both an intensive workshop and a monitored filmmaking experience that helps participants develop hands-on knowledge. - *Mentorship Program* allows filmmakers to attend master classes

Agency	Budget (latest year available)	Production/Development	Distribution/Exhibition/ Promotion	Other
Department of Canadian Heritage; Business Development Bank of Canada • The Department of Canadian Heritage and the Business Development Bank of Canada jointly sponsor the Cultural Industries Development Fund.				• *Cultural Industries Development Fund* provides financial assistance to eligible Canadian-owned cultural businesses. Support is in the form of loans ranging from $20,000 to $250,000 for working capital, expansion projects, and various other initiatives. The fund also offers assistance of up to $10,000 for the preparation of business plans or market studies to complete a Cultural Industries Development Fund proposal.

APPENDIX H
CANADIAN TAX INCENTIVES

Canadian Film or Video Production Tax Credit	A refundable tax credit worth 25% of qualified labour expenditures, not exceeding 60% of eligible cost of production.
Film or Video Production Services Tax Credit	A refundable tax credit worth 16% of salaries and wages paid to Canadian residents for services provided to the production in Canada.
Alberta Film Development Program	A grant worth 20% of eligible Alberta expenditures up to $1.5 million for a full-length production. Not a tax credit per se, but functions similarly.
British Columbia Production Services Tax Credit	Refundable tax credit covering 18% of BC labour expenditures incurred in BC and paid to BC residents in making a production.
	Regional tax credit of 6% of BC labour expenditures pro-rated by the number of days of photography in BC outside of the designated Vancouver area to the total days of photography in BC.
	Digital animation or visual effects tax credit of 15% of BC labour expenditures directly attributable to digital animation or visual effects activities.
Film Incentive British Columbia	Refundable tax credit covering 30% of BC labour expenditures.
	Regional tax credit of 12.5% of BC labour expenditures pro-rated by the number of days of photography in BC outside of the designated Vancouver area to the total days of photography in BC.
	Training tax credit of 30% of trainee wages, to a maximum of 3% of BC labour expenditures for providing training through an approved training program.
Manitoba Film and Video Production Tax Credit	Up to 45% Tax Credit (base rate = 35%, plus eligible bonuses) on Manitoba labour expenditures; 5% added on as a frequent filming bonus for companies shooting more than three films; plus a potential 5% rural and northern incentive.
New Brunswick Film Tax Credit	Offers 40% of eligible salaries capped at 50% of total production costs.
Newfoundland and Labrador Film and Video Industry Tax Credit	Offers 40% of eligible labour expenditures capped at 25% of total production costs.
Nova Scotia Film Industry Tax Credit	Refundable tax credit covering 35% of eligible labour costs, capped at 15% of the production budget. Bonus incentive of 5% of labour costs for photography outside of the metro Halifax zone increasing the credit to 40% of the eligible labour costs up to a maximum of 17.5% of the production budget There is also a 5% frequent-film bonus for companies shooting more than two projects.
Ontario Film and Television Tax Credit	A refundable tax credit of 30% of Ontario labour costs (40% for emerging producers). Regional bonus of 10% for productions outside the Greater Toronto Area.
Ontario Production Services Tax Credit	A refundable tax credit of 18% of Ontario Labour Costs.
Ontario Computer Animation and Special Effects Tax Credit	A refundable tax credit of 20% of Ontario labour costs for eligible activities, subject to a maximum of 48% of the total cost.
PEI Film and Television Labour Rebate Program	A rebate of 30% of the eligible Prince Edward Island labour expenditures, or 15% of the eligible total production costs.
Quebec Film and Television Production Tax Credit	A refundable tax credit of 33.3% of eligible labour expenditures, not exceeding 50% of eligible production costs.

Quebec Production Services Tax Credit	A refundable tax credit of 20% of eligible labour expenditures.
Quebec Dubbing Tax Credit	33.3% of the consideration paid by the eligible corporation for eligible services, to a ceiling of 40.5% of the consideration paid for the execution of the dubbing contract.
Saskatchewan Film Employment Tax Credit	35% of total eligible wages, up to 50% of total eligible production cost. There is also a 5% bonus for location base more than 40 km from Regina or Saskatoon.
Yukon Film Incentive Program	Offers a 35% rebate for Yukon labour. Also offers a 35% training rebate that applies to both the out-of-territory trainers and Yukon trainees. A travel rebate of up to $15,000 to encourage productions to look north of traditional film centres.

APPENDIX I
INTERNATIONAL FILM SUPPORT PROGRAMS

United Kingdom

Agency	Budget (latest year available)	Production/Development	Distribution/Exhibition/ Promotion	Other
UK Film Council • Main agency for strategic direction and public funding of UK film industry. • Works closely with three national film agencies and nine regional screen agencies.	• *Total Budget* – £55 million (2005-06) • *Development Fund* – £4 million (2005-06) • *New Cinema Fund* – £5million (2005-06) • *Premiere Fund* – £8 million (2005-06) • *Print & Advertising Fund* – £2 million (2005-06) • *Audience Development Scheme* – £1 million (2005-06) • *Digital Screen Network* – £14 million (2005-06) • *Digital Fund for Non-Theatrical Exhibition* – £500,000 (2005-06) • *Cinema Access* – £500,000 (2005-06) • *Publications Fund* – £100,000 (2004-05) • *International Festival Sales Support* – £90,000 (2005-06) • *Training Fund* – £6.5 million (2005-06) • *Regional Investment fund for England* – £7.5 million (2005-06)	• *Development Fund* to enhance the quality of UK screenplays. Seed funding, partnership funding and pre-pre-production funding is available for single projects. The fund also offers slate funding deals for responses to open tenders and a fixed sum of £10,000 or less to develop a draft script of a particular genre. • *New Cinema Fund* to support innovative, "cutting edge" filmmaking. Particular commitment to work from the regions, and from ethnic minorities. Provides 15-50% of a film's budget by way of equity investment. • *Premiere Fund* to support popular, commercially viable films. Aims to nurture film expertise and sustainable UK film businesses. Provides up to 35% of a film's budget by way of equity investment.	• *Print & Advertising Fund* to support distributors for extra prints and advertising for films. • *Audience Development Scheme* offers support to an organization to develop and manage a program to cultivate the audience's appreciation of specialized film. • *Digital Screen Network* to broaden the range of films available to audiences. Provides funding for cinemas to acquire digital projection equipment in return for devoting an amount of screen time to specialized films. • *Digital fund for Non-Theatrical Exhibition* to expand activities of film clubs and societies to bring new viewing experiences to small communities. • *Cinema Access Programme* Provides funding for a series of initiatives to help the industry increase access to popular and specialized films for people with disabilities. • *International Festival Sales Support* to enhance the promotional opportunities for UK films at key international film festivals.	• *Publications Fund* aimed at supporting film related publications that encourage knowledge of and debate about film culture. • *Training Fund* provides grants to individuals and organizations seeking to receive or provide film training. • *Regional Investment Fund for England* Disburses funds to the nine regional screen agencies in England. Some funds for production, exhibition, training, audience and archive development are available through these agencies.

Agency	Budget (latest year available)	Production/Development	Distribution/Exhibition/ Promotion	Other
Scottish Screen • Derives most of its funding from the Scottish Executive's Education Department.	• *Production & Development* – £2.9 million (2002-03) • *Training* – £555,000 (2002-03)	• *Scottish Screen National Lottery Fund – Script Development* makes funds available to companies for the early stages of development. Maximum award of £25,000 or 90% of total development budget. • *Scottish Screen National Lottery Fund – Project Development* makes funds available for companies for the advanced stages of development. Maximum award of £25,000 or 75% of total development budget. • *Scottish Screen National Lottery Fund – Feature Film Production* makes funds available for the production of feature length films. Maximum award of £500,000 or 25% or total production budget. • *Fast Forward Features* for films that display or connect with Scotland today. Will award £1.2 million to three films over three years.		• *Scottish Students on Screen* is a national screen festival for students aimed at bringing students and film industry together. Scottish Screen also runs a training course. • *The Writer's Factory Screenwriting Programme* is an intensive screenwriting course designed to develop and support the skills of Scotland's screenwriters.

Agency	Budget (latest year available)	Production/Development	Distribution/Exhibition/ Promotion	Other
Sgrin Cymru Wales • Main body for the development of the media sector in Wales.	• *Total Budget* – £2,116,000 (2002-03) • *Lottery Film Fund* – £1,300,000 (2002-03) • *Grants* – £578,000	• *Lottery Funded Features* seeks to encourage both the development and production of feature film with significant Welsh elements. Provides script development awards of up to £7,000 or 75% of eligible costs Provides feature film production awards of up to £250,000 or 50% of eligible costs. • *Welsh Micros* supports micro-budget feature films made in Wales (£400,000 or less). Awards £200,000 or 50% of eligible costs. • *Sgrin Script Breakfast* allows screenwriters in the first stages of script writing to meet and obtain advice from industry professionals. • *Sgrin Script Doctor* provides screenwriters with detailed reports on their scripts from industry professionals.	• *Cinema Exhibition Support Fund provides* £1,000 to cinemas or film societies to devise and implement a cultural programme to raise public awareness of film and film culture from Wales and around the world.	• *Sgrin Cymru Wales Publication Fund* to support publications that educate the public about film and film culture. Provides awards of up to £2,000.

Agency	Budget (latest year available)	Production/Development	Distribution/Exhibition/ Promotion	Other
Northern Ireland Film and Television Commission • Agency aims to accelerate the development of a sustainable film and television industry in Northern Ireland.	• *Total Budget* – £2,900,000 • *NI Film Production Fund* – £1,700,000 (2003-04) • *NIFTC Lottery Fund* – £737,000 (2003-04) • *Marketing, Festivals & Conferences Fund* – £50,000 (2003-04) • *Company Development Fund* – £284,000 (2003-04)	• *Company Development Fund* to provide Northern Ireland based production companies with financial assistance to support growth. Available is up to £3,000 or 50% of total budget to prepare an initial business plan, and an annual operating grant of up to £80,000 or 40% of total budget for an agreed business strategy. • *Northern Ireland Film Production Fund* invests in films that have a strong cultural relevance to Northern Ireland and are primarily produced in Northern Ireland. Provides investment of between £150,000 and £600,000 or up to 25% of costs. • *Northern Ireland Film and Television Commission Lottery Fund* to increase the overall level of moving image production in Northern Ireland. For feature film: up to £40,000 or 50% of development costs is available for project development. Up to £150,000 or 50% of production costs is available for pre-production, production and post-production. For documentaries with cultural relevance to Northern Ireland: £40,000 or 50% is available for development and varying levels of support are available for production.	• *Markets, Festivals & Conferences Fund* to assist Northern Irish talent with financial support to attend markets, festival, and conferences to connect with the industry. • *Northern Ireland Film and Television Commission Lottery Fund makes funding available for distribution and promotion.* Up to £5,000 or 10% of production costs per film.	• *Skills Development Bursary Fund* to assist Northern Irish talent to participate in industry recognized training and development courses. Bursaries are available for up to £1,000 or 50% of the applicant's total budget. • *Film and Television Creative Entrepreneur Programme* is intended to improve the business skills of small film and television production companies in Belfast. The programme is conducted through a series of meetings and workshops.

Taiwan

Agency	Budget (latest year available)	Production/Development	Distribution/Exhibition/ Promotion	Other
Government Information Office • Agency responsible for the overall direction of cultural programming in Taiwan, including film.	• *Domestic Film Guidance Fund* – US$3.1 million (2003) • *Screenwriting Awards* – US$95,000 (2001) • *Domestic Screen Exhibition* – US$315,000 (2001) • *Industry Development* – US$787,000 (2001)	• *Domestic Film Guidance Fund* is the key government programme for supporting the domestic film industry. Its aim is to help the industry produce high quality films with high production standards. Provides production subsidies of up to US$432,000 per film or 50% of budget. • In order to foster domestic screenwriting talent and encourage the production of high quality scripts, the GIO offers and award of US$9,500 to ten selected scripts each year.	• To promote the screening of domestic films, the GIO has made funds available for cinemas to form theatre networks that will exclusively screen domestic films. • To promote domestic films on the international stage, the GIO has made funds available for filmmakers to participate in international film festivals.	• In order to contribute to the development of a sound domestic film industry, the GIO makes funds available for production companies to upgrade their equipment.

Republic of Korea

Agency	Budget (latest year available)	Production/Development	Distribution/Exhibition/ Promotion	Other
Korean Film Council • A government-supported, self-administered body that seeks to promote and support Korean films both in Korea and abroad. • Part of the Council's funds is derived from a tax on the sale of cinema tickets.	• *Total Budget* – US$52 million (2004-05)	• *Fiction Film Script Contest* held twice a year, awards a grand prize of US$20,000 and two runner-up prizes of US$8,700 each, to outstanding scripts. The *Overseas Korean Script Contest* awards a grand prize of US$8,700 and two runner-up prizes of US$4,200 to outstanding scripts written by overseas Koreans. • *Development Support Program for Fiction Films* held twice a year, with a total of 10 outstanding plans or scripts for feature fiction films chosen per year. Seven projects financial support of US$8,700 each, while three projects receive US$26,000 each. • *Production Support Program for Art Films* selects aesthetically promising live-action or animated films to provide with financial support. Up to 5 films per year are chosen by committee to receive US$350,000 or a maximum of 50% of production costs. • *Production Support Program for Independent Films* provides grants with no provisions for recovery to selected independent films shot on digital video. US$17,400 or 50% of production costs, awarded twice per year. • *Production Support for Independent Digital Feature Film Fund* selects 3 feature-length digital works per year and provides them with up to US$44,000 per film prior to the start	• *DVD Production Support Program* supports the release of independent short and feature-length films on DVD, in order to expand the market for these commercially disadvantaged works. Twice a year, the Council will support the release of ten discs through a commercial DVD distributor (2000 copies per release). Each disc will be subtitled in Korean, English, Japanese, French, and Chinese. • *Marketing Support for Art Films Program* provides six live-action or animated films with US$87,000 each to support print and advertising costs. • *Marketing Support for Digital Films Program*, provides three digital films with US$35,000 each. A jury will select films based on their artistic quality, their chance of securing a theatrical release, and their need for marketing support. • *Projection Support for Feature-Length Digital Films Program* provides US$26,000 to three films per year to finance the screening of films through digital projection systems. Money granted need not be returned. • *Loans For Collateral Program* provides loans to producers of feature or animated films using the film rights as collateral. A maximum of US$870,000, or 70% of production costs is available for	• *Korean Film Investment Union Financing Project* contributes funds to investment unions which invest more than 50% of capital in a given fund in Korean films. Companies must take a compounded primary allowance loss of more than 20%, and the standard internal rate of return should be at least 8%. The Council will provide up to 20% of total capital or US$1.7m in qualifying investment unions. • *Support for Subtitles, Translation & Print Production* selected films which are judged to have potential in overseas markets or at international film festivals are provided with an English-language translation and a laser-subtitled print.

Agency	Budget (latest year available)	Production/Development	Distribution/Exhibition/ Promotion	Other
		of shooting. • *Loans For Collateral Program* provides loans to producers of feature or animated films using the film rights as collateral. A maximum of US$870,000, or 70% of production costs is available for producers of distributors who are having trouble covering production, distribution or other costs. • *Development Support Program for Feature Animation* provides US$43,000 to support the production of pilot films for feature-length animated films in development, up to two projects per year. *The Production Support for Feature Animation* provides one film per year with US$700,000 or 50% of the total production costs. *Production Support for Independent Animation provides* US$17,400 or up to 80% of a film's budget for independently produced animated works. *The Film Conversion Support Fund for Independent Animation* is held twice a year, and supports the cost of transferring independent animation to film prints, with up to US$78,000 budgeted in total.	producers of distributors who are having trouble covering production, distribution or other costs. • *Loans for Screening Facilities Program* provides theatre owners with up to 70% of the total cost of repairs or additions to theatre facilities. Up to US$440,000 is provided per screen, with a maximum of three projects or US$1.3m. • *Support for Regional Media Centres* supports the establishment of media centres throughout Korea to help support the development of cinema in regional areas outside of the capital. Up to US$260,000 will be provided per establishment. • *Korean Film Marketing Support Fund* to assist film companies with marketing their products overseas and to promote the further recognition of Korean films abroad. • *Art Plus Cinema Network* to provide a better distribution environment for art films of all nationalities the Council has introduced the ArtPlus Cinema Network, a collection of theatres nationwide that specialize in screening arthouse cinema. Participating theatres receive a yearly cash grant US$47,000 to $67,000 in return for screening arthouse films for 3/5 of the year. The Network also works jointly to promote the films they show.	

Republic of Ireland

Agency	Budget (latest year available)	Production/Development	Distribution/Exhibition/ Promotion	Other
Irish Film Board • Aims to ensure the continuity of production and availability of Irish films to home and international audiences. • Provides loans and equity investment to independent Irish film-makers to assist in the development and production of Irish films. • Acts in co-operation with other Irish semi-state agencies to improve the marketing, sales and distribution of Irish films and to promote training and development.	• *Total Budget* – €14 million (2005)	• *Development Loans for Feature Length Fiction Films* to encourage talented teams and individual writers in order to foster distinctive visions and projects that seek to reach a broad international audience. Non-equity development loans are offered up to a maximum of €35,000 at any one time and €75,000 cumulatively for any one project. Writer-only loans are also offered, up to a maximum of €10,000. • *Production Loans for Feature Length Fiction Films* to encourage both talented directors with distinctive voices and commercial films that want to connect with a broad range of audiences. Designed as recoupable loan-equity participation. It has an investment cap per project of €750K. • *Low Budget Initiative & Micro Budget Loans* to encourage indigenous feature film projects with lower budgets. Loans are available for low budget and micro-budget films. For films with budgets of under €1m, the Irish film Board will provide up to 60% of total budget. • *Revolving Pre-Production Fund to* address the demand for pre-production cash flow on Irish Film Board co-financed projects, where there is a time-lag in cash flow as a result of financing and legal arrangements. Loans are available to a maximum of €150,000 or 50% of the amount of the Irish Film Board Production Loan.	• *Test Screening Programme* to ensure Irish feature films reach both Irish and international audiences. To this end a free test screening service is available to assist producers and distributors conduct impartial test screening(s) for their feature film. Provides producers and distributors with free access to an experienced facilitator, projectionist and a cinema. • *Print Support Loan* makes funds available to Irish directors, producers and production companies for prints pending their acceptance in a recognized international film festival. • *Print & Advertising Support Loan* available for distributors who are distributing independent Irish films in Ireland. Irish Film Board will consider matching up to 50% of the distributor's financial investment in marketing and releasing a film theatrically in Ireland.	

Agency	Budget (latest year available)	Production/Development	Distribution/Exhibition/ Promotion	Other
		• *Regional Film &TV Fund* to encourage Irish filmmakers to shoot features and large drama productions in all parts of the country. This fund is designed to work by offsetting a proportion of additional production costs incurred by shooting in regional areas of Ireland. Loans to a maximum of €125,000 are available from this fund.		

New Zealand

Agency	Budget (latest year available)	Production/Development	Distribution/Exhibition/ Promotion	Other
New Zealand Film Commission • Support the production of distinctively New Zealand feature films which play to large New Zealand audiences and generate returns on investment-both cultural and financial.	• *Total Budget* – NZ$22.6 million (2004-05) • *Features Development* – NZ$2.3 million (2004-05) • *Features Production* – NZ$13.5 million (2004-05) • *Talent Development* – NZ$2.4 million (2004-05) • *Resource & Industry Support* – NZ$1.3 million (2004-05) • *Marketing* – NZ$1.2 million (2004-05)	• *Single Project Development* loans are available for New Zealand producers. Early-stage projects may be awarded up to a maximum of NZ$30,000. Projects judged to have genuine production potential may be awarded up to NZ$100,000. The Commission considers applications for advanced development, packaging and financing for projects nearing production, up to a maximum of NZ$150,000 total development funding. • *Producers Devolved Development Fund* makes loans available for experienced feature film producers with substantial credits. Up to NZ$150,000 can be given for a two year period for use on writers and script development. • *Producer Overhead Fund* is for producers with at lease one successful feature film credit. A grant of up to NZ$100,000 can be given for a two year period for use on overhead costs associated with script and project development. • *Feature Production Financing* for the production of quality films that will appeal to diverse audiences in New Zealand and abroad. Provides equity investment with no set maximum amount. • *Post Production Fund* provides equity investment for digital feature films	• *Large Budget Grant Scheme* to provide an additional financial incentive for the production of both foreign and domestic large budget films in New Zealand. Grants a sum totalling 12.5% of the Qualifying New Zealand Production Expenditure that the applicant has spent on an eligible screen production. Grant can cover all aspects of the creative process from development through to marketing and promotion. • *Producers Market Assistance* makes loans available to assist producers to attend major international film market events, NZ$5,000-$7,500. • *Festivals & Awards Programme* provides financial assistance towards the costs of running film festivals or awards events. Festivals must provide the public with a diverse selection of feature film programming that encourages debate and gives opportunities to new talent. Award events will need to recognize excellence and reward achievement in feature film production.	• Each year the Commission offers various professional development programs for screenwriters. • *Industry Infrastructure Programme* makes financing available to professional film resource organizations that foster skill development and enhancement within the film industry and participate in the development and dissemination of film culture in New Zealand.

Agency	Budget (latest year available)	Production/Development	Distribution/Exhibition/ Promotion	Other
		requiring post-production for either a film or a digital finish. Documentary features requiring post-production financing. Feature films shot on film requiring post-production financing. • *Digital Film Fund* seeks to encourage a new generation of maverick New Zealand filmmakers using the digital medium. The Commission seeks to support at least four highly original digital features in the next two years. Budgets are individual to projects. • *Large Budget Grant Scheme* to provide an additional financial incentive for the production of both foreign and domestic large budget films in New Zealand. Grants a sum totalling 12.5% of the Qualifying New Zealand Production Expenditure that the applicant has spent on an eligible screen production. Grant can cover all aspects of the creative process from development through to marketing and promotion.		
New Zealand Film Production Fund Trust • Administers the New Zealand Film Fund and operates independent of the New Zealand Film Commission.	• Film Fund has NZ$22 million to invest in eight to ten films prior to 30 June 2008.	• *New Zealand Film Fund* to help create jobs for New Zealand writers, actors, and production staff, and to help maintain New Zealand's place in the international film industry. An equity investment or loan of up to NZ$2.5 million is available for the production of films by New Zealand filmmakers with significant New Zealand content.		

Germany

Agency	Budget (latest year available)	Production/Development	Distribution/Exhibition/ Promotion	Other
German Federal Film Board • Acts to promote German cinema and to improve the structure of the German film industry, to support the national economic affairs of the film industry in Germany, and improve the foundations for the distribution and marketing of German cinema as well to work towards an alignment and coordination of the film support measures by the Federal Government and regional states. • The film board raises funds through a tax on the sale of cinema tickets and a tax on the sale of videos and DVDs. • The German Federal Film Board works closely with	• *Total Budget* – €76 million (annual) • *Production Funding for Features* – €27.8 million (2004) • *Scriptwriting Scheme* – €673,000 (2004) • *Distribution Funding for Features* – €6.9 million (2004) • *Exhibition Funding Scheme* – €10.4 million (2004) • *Additional Prints* – €945,000 (2004) • *Funding of Video Distributors* – €2.3 million (2004) • *Marketing & Promotion* – €14.9 million (2004)	• *Production Funding for Feature Films* offers two different types of funding: *Automatic funding according to the "reference" principle* where a producer is entitled to subsidy as a grant to produce a new film if he has produced a German film which has reached 150,000 "reference" points. The "reference" points are calculated from both the commercial success as well as the success at internationally significant festivals and awards. Up to €2 million or 50% of costs. *Selective funding according to the project principle* grants project funding as an interest-fee loan if the film can improve the quality and profitability of German cinema. The project funding can amount as a rule to €250,000, and up to €1m in individual cases. • *Scriptwriting Scheme* grants of up to €25,000, in exceptional cases up to €50,000, for the development of screenplays for full-length feature films. A maximum of €30,000 can be granted for further development of a screenplay.	• *Distribution Funding for Feature Films* offers two different types of funding: *Automatic funding according to the reference principle* where distribution companies are granted funding support as a subsidy for the distribution of a film for German films which have reached 100,000 "reference" points. The "reference" points are calculated from both commercial success as well as success at internationally important festivals and prizes. The amount of funds awarded is considered on a case by case basis. *Selective funding according to the project principle* grants funding support for the distribution or export of films as interest-free loans or as grants. The maximum amounts vary depending on the particular measure. The maximum amounts for loans range between €150,000 and €600,000, for grants up to €100,000. • *Exhibition Funding Scheme* offers two different types of funding: *Automatic funding according to the reference principle* which provides calculated grant support for all of the exhibitors who pay have paid the film levy. Amount of funds awarded is considered on a case by case basis. *Selective funding according to the project principle* offers interest-free loans of up to €200,000 for the improvement of cinemas. The loan	• *Funding of vocational training for film professions* makes grants available for the purpose of vocational training of new artistic, technical and commercial recruits to the industry.

Agency	Budget (latest year available)	Production/Development	Distribution/Exhibition/ Promotion	Other
a number of regional film agencies. Those with significant budgets are: • *FilmFernseh-Fonds Bayern* which operates in Bavaria with an annual budget of €32 million and runs a full range of funding programmes from project development to exhibition. • *Filmstiftung Nordrhein-Westfalen* operates in North Rhine-Westphalia with an annual budget of €33 million, and runs a full range of funding programmes. • *Filmboard Berlin-Brandenburg* has an annual budget of €17 million and runs programs to support project and script development, production, distribution and sales.			may increase up to €300,000 if an overall assessment of the project and the level of the anticipated costs justify this. The loans have duration of ten years. • *Funding of Additional Prints* is intended to enhance the admissions in cinemas placed in locations and areas with less than 20,000 inhabitants. Makes grants available for the production of additional prints. • *Funding of Video Distributors* makes interest-free loans of up to €600,000 available to German entertainment companies for the distribution of recorded video carriers of German films, particularly the meeting of release costs, for extraordinary and/or exemplary marketing measures or the production of foreign language versions.	

France

Agency	Budget (latest year available)	Production/Development	Distribution/Exhibition/ Promotion	Other
Centre national de la cinématographie • The CNC manages state financial support for the film industry, television, and audiovisual industry. • Approximately half of the CNC budget goes to support television works. • Support is generally delivered in two forms: automatic aid and selective aid. • The CNC derives its funds from government appropriations, a tax on the sale of cinema tickets and a tax on broadcaster's advertising revenues. • France also has about 36 small regional film agencies which	• *Total Budget* – €490,960,000 (2004) • *Distribution of Films for Young Audiences* – €230,700 (2004) • *First Script Trophy* – €61,000 (2004) • *Development of Feature Films* – €2.7 million (2004) • *Re-issuing Classic Films and/or Retrospectives* – €383,000 (2004) • *Modernization and Construction of Cinemas* – €10 million (2004) • *Scriptwriting* – €520,000 (2004) • *Research and Development* – €3.1 million (2004) • *French-Canadian Co-producers* – €762,000 (2004) • *'Looking at' Scheme* – €64,000 (2004) • *Experimental Production* – €1,006,000 million (2004) • *Production of Feature Films* – €53.7 million (2004) • *Advance on Receipts* – €23,160,000 (2004) • *Production of Foreign Language Films* – €670,000 (2004)	• *Selective Support for Development of Feature Films* supports production companies in the different writing stages, optioning and acquisition of rights, writing and script development and research. This film must be in French or an indigenous language still spoken in France. • *Selective Support for Research and Development* encourages co-operation and technology transfer between research laboratories and multimedia, television and cinema production companies, and supports their in-house research and development. • *Selective Support for French-Canadian Co-producers* aims to support feature film projects which benefit both countries and contribute to the quality of film production. Maximum €381,097 in repayable advances awarded to individual projects. • *'Looking at' Scheme* supports the production of documentaries about the cinema, television, or multimedia, and acquires documentaries about these subjects. The maximum granted to individual projects is €7,623, and at least 50% of the budget must be furnished by the producer. • *Selective Support for Experimental Production* shares the risk of producers using innovative technologies or specially developed processes in the production of their work. The award is based on	• *Selective Support for the Distribution of Films for Young Audiences* permits renewal and diversification of the offer of films for young audiences, and cannot exceed 50% of distributor's expenses. • *Support for re-issuing Classic Films and/or Retrospectives* supports reissuing films at least 20 years old, not in cinema for at least 10 years, and also supports retrospectives. The support is a subsidy. • *Selective Support for Exhibitors for the Modernization and Construction of Cinemas in Rural Areas* encourages the creation and modernization of cinemas in insufficiently served areas, in particular in rural areas and the suburbs of large cities. • *Selective Support for Independent Distribution Companies* helps distribution companies that actively promote a varied offer of films in cinemas. The support is capped at 50% of the distributor's costs. • *Automatic Support for Distribution* aids distributors and is granted on a sliding scale calculated according to box-office receipts of the film in cinemas. • *Selective Support for the Distribution of Films from Lesser Known Cinematographic Traditions* contributes to the discovery and distribution of quality works originating in countries whose	• *First Script Trophy* identifies and encourages new talent with personalized support.

Agency	Budget (latest year available)	Production/Development	Distribution/Exhibition/ Promotion	Other
typically offer very limited programmes and have budgets of less than €500,000.	• *Distribution of Films from Lesser Known Cinematographic Traditions* – €375,000 (2004) • *Independent Distribution Companies* – €945,000 (2004) • *Automatic support for Distribution* – €14.2 million (2004)	expenses from the use or development of new production techniques, and is limited to 20% of the cost. • *Automatic Support for Production of Feature Films* supports production by established French film producers. The maximum allocated to individual projects is 50% of the budget, up to €304,878. • *Selective Support for Production of Foreign Language Films* aid the production of foreign language feature films by prominent French or foreign directors. • *Selective Support for Scriptwriting* is a subsidy that supports the writing of new scripts and the further development of existing ones. • *Advance on Receipts* encourages first films and independent film-making, which would not be viable without public support. The maximum award for individual projects is €457,000.	cinema is not well known in France. This support comes in the form of repayable advances, which shall not exceed €30,487 for individual projects.	

Agency	Budget (latest year available)	Production/Development	Distribution/Exhibition/ Promotion	Other
Agence pour le développement régional du cinéma • Intended to promote country-wide access to cinema. To encourage diversity of cinemas, films and audiences and to maintain and develop local cinemas.	• *Total Budget* – €3.9 million (2005) • *Additional Prints* – €2.4 million (2005) • *Classic Films* – €193,000 (2005)		• *Support for Renovation* provides architectural and environmental advice for the renovation of cinemas. • *Support for the Production of Additional Prints* provides a subsidy to facilitate access to films by funding the making of additional prints. Intended for exhibitors in small and medium sized towns and special measures exist for films classed as 'Art and Experimental Cinema.' • *Support for Classic Films* provides a small subsidy for the exhibition of classic films distributed by French companies.	

Belgium

Agency	Budget (latest year available)	Production/Development	Distribution/Exhibition/ Promotion	Other
Centre du Cinéma et de l'Audiovisuel • Funded through the Ministry of the French Community of Belgium. • Supports the film and television industry in the French speaking Belgian community.	• *Total Budget* – €8.6 million (2004) • *Production* – €5.9 million (2004) • *Script Writing* – €212,500 (2004) • *Distribution* – €412,000 (2004) • *Promotion* – €275,400 (2004)	• *Commission des Sélection des Films* makes production aids available in the form of refundable advances, reimbursed according to the net funds from the exploitation of the film. • Aid is available for writing of individual projects up to a maximum of €12,500. The money is awarded as a non-recoverable subsidy.	• *Distribution Support* is available *for* films recognized as Belgian. A grant of 35% of the total receipts is awarded; 10% to the distributor and 25% to the producer. • *Promotion Aid* is available. A feature film is eligible for this aid if it has been supported by the Commission de Sélection des Films de la Communauté française de Belgique and/or the Fonds Spécial de la RTBF (French Language Broadcaster in Belgium).	
Flemish				• The Flemish Audiovisual

Agency	Budget (latest year available)	Production/Development	Distribution/Exhibition/ Promotion	Other
Audiovisual Fund • Funded through the Flemish government to develop a sustainable Flemish audiovisual industry, to encourage and support upcoming audiovisual talent and to promote a vibrant audiovisual culture in Flanders.	• *Total Budget* – €12.5 million (annual) • *Production* – €9.7 million (annual) • *Training* – €1 million (annual)	• *Support for Production* makes funding of up to 50% of the total production budget available to filmmakers within the Flemish community. 78% of the Flemish Audiovisual Fund's annual budget goes to support production. • *Support for Scriptwriting* is available to encourage the development of creative and original scripts. Maximum of €12,500 is available. • *Support for Development & Pre-Production* is available through a financing arrangement of up to 50% of the total development budget.	• *Support for Promotion* is available through a financing arrangement of up to 50% of the total promotional budget.	Fund grants scholarships, finances professional training and supports/organizes workshops. It focuses on international projects and allows young filmmakers to gain experience and confidence in filmmaking. • *Finance for Production*

Agency	Budget (latest year available)	Production/Development	Distribution/Exhibition/ Promotion	Other
Wallimage • The fund aims to help to support and strengthen the activities of audiovisual professionals in the Wallonia region. The underlying philosophy of the Fund is to have a structuring effect on Wallonia's fledgling audiovisual industry.	• *Total Budget* – €3.1 million (2003)	• *Finance for Audiovisual works Produced by Walloon Production Companies* makes a loan available for any type of audiovisual work produced by a production company based in Wallonia. The loan covers 66% of the costs incurred within Wallonia, up to €500,000.		*Companies or Services in the Walloon Audiovisual Industry* makes capital investments in existing or start-up audiovisual companies in Wallonia. The maximum investment can be up to 40% of the company's capital. Long term loans are also available at a preferential rate of no lower than 3% per annum.

Australia

Agency	Budget (latest year available, AUD)	Production/Development	Distribution/Exhibition/ Promotion	Other
Australian Film Commission • The major agency responsible for the development of Australian film. Hence, its programs for feature film are mostly aimed at the development stages of the value chain, while the *Australian Film Finance Corporation* (see below) is the major agency for supporting the production of feature film. • Australia has six state level film agencies funded by the state governments: • *New South Wales Film Office* has a total budget of A$7.6 million (2002-03). It has programs to support development, production, a	• *Total Budget* – $19 million (annual) • *Drama Development* – $1.9 million (annual) • *Drama Production* – $5.6 million (annual) • *Documentary Development* – $670,000 (annual) • *Documentary Production* – $1.5 million (annual) • *General Development Investment* – $1.3 million (annual) • *Professional Development (fellowships etc.)* – $160,000 (annual) • *Marketing Loans* – $200,000 (annual) • *Industry & Cultural Development Funding Program* – $3.1 million (annual) • *Indigenous Unit* – $400,000 (annual)	• *New Screenwriters Program* to identify new and promising writers and give them an opportunity to develop a screenplay. Awards up to A$10,000 for features. • *Seed Feature Funding* to support produced drama writers at the early stages of feature projects. Funding of up to A$20,000 is available for a first draft script. • *Draft Drama Funding* to support the development of features and other types of projects. Funding of up to A$18,000 is available for the creation of a next draft of a feature script. • *Matched Investment Funding* to encourage the financial participation of third parties in the development stages of a project. Provides up to A$50,000 dependent on equal investment from a third party. Can be used to fund a range of development activities. • *Draft Funding* to support the further development of feature projects from more experienced filmmakers. Funding of up to A$30,000 is available for the creation of a next draft script from an existing draft. • *SPARK Script Development Program* aims to broaden the quality, range and ambition of Australian feature projects. The intention is to develop scripts from experienced writers and help get these scripts in to production.	• *Marketing Loans* provides last-resort marketing loans in unusual or unforeseen circumstances for completed film, television and interactive digital media projects that have been unable to secure marketing funding from any other source. There is no fixed limit for individual loans. • *National Touring Exhibition Fund* provides support for the touring of film and media exhibition programs. The purpose is to expand screen access and encourage practitioner development. No fixed amount of funding.	• *Internship* to assist emerging and experienced practitioners whose careers would benefit from an attachment to a person, production or organization. Provides a grant of up to A$10,000. • *Filmmaker Fellowships and Attachments* to acknowledge and assist the work of established industry practitioners wishing to further develop their careers. Grants of up to A$20,000 are available for travel, individual programs of study, and high-level attachments. • A variety of travel grants are available to film practitioners. The aim is to allow them to attend the screening of their work at international events and to attend international markets to secure finance for projects. • *Industry & Cultural Development Funding Program* offers support that aims to cultivate, develop and provide access to Australia's screen culture. Funds are provided to organizations to deliver a range of screen culture events. No fixed amount of funding is

Agency	Budget (latest year available, AUD)	Production/Development	Distribution/Exhibition/ Promotion	Other
young filmmakers fund, and support for industry and audience development. • *Pacific film and Television Commission (Queensland)* has a total budget of A$5.7 million (2002-03). It has programs to support development, production, industry development and marketing. • *South Australian Film Corporation* has a total budget of A$5.3 million (2002-03). It has programs to support development, production, industry development and practitioner development. • *Screen Tasmania* has a total budget of A$1 million (2002-03). It is programs for development, production and		Provides an intensive workshop with industry professionals. • *Writer Fellowships* to assist writers who have reviewed significant local or international awards to develop a new feature screenplay. Funding of up to A$40,000 is available for the creation of a first draft script and several revised drafts. • *Indivision Development Program* aims to support the development, production and promotion of low-budget, innovative, "cutting-edge" features. The program has several strands: *Indivision Project Lab & Script Development* provides a high-level professional workshop for six to eight creative teams, with leading local and international advisers on script, performance and cinematic storytelling. Several teams may be selected for script development funding of up to A$12,000. *Indivision Single Draft Script Development* provides up to A$20,000 for a single draft script. • *Indivision Low-Budget Feature Production* to support the production of innovative low-budget features. Production is funded primarily to assist in the professional development of directors and the writers and producers with whom they work. It is designed to extend the professional development opportunities available for film and television practitioners through production and post-production investment in feature films		available. This program has several strands: *National Touring Exhibition Fund* provides support for the touring of film and media exhibition programs. The purpose is to expand screen access and encourage practitioner development. *New Projects Fund* provides assistance to support new projects and publications related to Australian screen culture. *Events & Activities Fund* provides support for events that cultivate and assist the development and appreciation of Australian screen culture.

Agency	Budget (latest year available, AUD)	Production/Development	Distribution/Exhibition/ Promotion	Other
promotion. • *Film Victoria* has a total budget of A$12.4 million (2002-03). It supports programs for development, production, audience development, and professional development. • *Screen West (Western Australia)* has a total budget of A$2.3 million (2002-03). It supports programs for development, production, marketing, professional development, and screen culture. • In 2002-03 the Australian state level film agencies spent a total of AUD $43.6 million. Of this amount, $14.5 was for production, $4.8 was for development, and $3.4 was for professional		with budgets not exceeding $2 million. The Australian Film Commission generally contributes up to A$1 million. • *Documentary Early Development* to assist documentary practitioners in the early development of pitching materials to enable them to attract marketplace development or production finance or support. Up to A$5,000 is available. • *Documentary Development* to support the development of outstanding documentary projects. Funding of between A$15,000 and $25,000 is available for a detailed script or treatment and pitching materials to raise production finance. • *Shooting time-Critical Material* supports the shooting at short notice of time-critical material integral to the success of a project, in order to attract finance. Up to A$15,000 is available. • *Documentary Production* provides professional development opportunities for documentary practitioners through the production or post-production of outstanding projects. Between A$85,000 and $100,000 is available for production and/or post-production. • *General Development Investment* supports experienced practitioners who are developing and financing projects, by providing ongoing funding for infrastructure and development slates. Funding of up to A$70,000 is available for a new		

Agency	Budget (latest year available, AUD)	Production/Development	Distribution/Exhibition/ Promotion	Other
development.		business strategy to generate a cash flow stream; the development of a slate of two or more projects from story outline stage onwards, including option payments, writer's fees, script editor's fees, script printing expenses etc; the costs associated with financing such projects; infrastructure or running costs, including overheads, staff salaries, day-to-day and out-of-pocket expenses etc. • *Short-Term Development Investment Facility* to provide development investment at short notice without the usual assessment process. This investment is provided on the basis that the project is likely to be financed in the immediate future. Up to A$30,000 is available. • *Production Cashflow Facility* provides pre-production bridging loan finance of up to $300,000. Current rate of interest for the loan is 7.5%. • *Indigenous Unit-Drama Development* supports the development costs of outstanding, creatively ambitious drama projects by emerging indigenous (Aboriginal Australian) practitioners. Provides up to A$18,000. • *Indigenous Unit-Drama Production & Post-Production* seeks to extend the professional development opportunities available for Indigenous film and television practitioners through production investment. Invests in projects that exhibit original ideas, a skilful grasp of		

Agency	Budget (latest year available, AUD)	Production/Development	Distribution/Exhibition/ Promotion	Other
		dramatic storytelling and a knowledge of the requirements of low-budget filmmaking. • *Indigenous Unit-Documentary Development* funds the development costs associated with an individual documentary project. Up to A$15,000 is available per project. • *Indigenous Unit Documentary Production & Post-Production* provides documentary production and post-production investment for the costs associated with an individual documentary project.		
Australian Film Finance Corporation • The Australian government's principal agency for funding the production of film and television. • Projects backed by the Film Finance Corporation are financed by a combination of FFC funds and finance from private investors and other marketplace participants (e.g., distributors, broad-casters,	• *Total Budget* – $70.5 million (2005-06) • *Feature Films Financing* – $37.5 million (2005-06)	• *Feature Films Financing Scheme* invests in projects with the strongest creative, market and audience potential. The Film Finance Corporation assists in financing by undertaking direct investment; acquiring, obtaining, dealing in and exercising rights; making loans; investment guarantees, and underwriting agreements; leading or participating in loan syndicates and similar joint ventures. The FFC may invest up to 45% of the budget.	• *Prints & Advertising Loans* makes funds available for extra prints and advertising materials in the form of a non-recourse loan.	

Agency	Budget (latest year available, AUD)	Production/Development	Distribution/Exhibition/ Promotion	Other
sales agents and state government agencies). The FFC's market partners provide opportunities for programs to find audiences. By co-financing with theatrical distributors, broadcasters, international sales agents and other such companies, the FFC can exploit distribution and exhibition networks.				

European Union

Agency	Budget (latest year available)	Production/Development	Distribution/Exhibition/ Promotion	Other
Directorate General Education and Culture of the European Commission-MEDIA Programme • The MEDIA Programme, to run through 2001 to 2006, aims at strengthening the competitiveness of the European audiovisual industry with a series support measures dealing with training of professionals, development of production projects, distribution and promotion of cinematographic works and audiovisual programmes. • Belgium, Germany, France, Ireland, United Kingdom are among the European countries that participate in the MEDIA	• *Total Budget* – €67.1 million (2003) • *Project Development* – €20.1 million (2003) • *Distribution* – €30 million (2003) • *Marketing & Promotion* – €8.5 million (2003) • *Vocational Training* – €7.5 million (2003) • *i2i Audiovisual* – €2.7 million (2003)	• *MEDIA New Talent* provides subsidies of up to 60% of development costs for scripts written by screenwriters younger than 35 years of age. • *Support for the Development of Single-Projects* to promote the development of projects submitted by European independent production companies and aimed at European and international markets. Provides a subsidy covering up to 50% of eligible development costs. • *Support for the Development of Slate Projects* to promote the development of projects submitted by European independent production companies and aimed at European and international markets. Slate funding is intended for medium sized companies with experience at the international level and the capacity to develop several projects simultaneously. A range of subsidies are offered depending on the company's investment capacity: up to €90,000 for companies with lesser capacities, up to €125,000 for companies with greater capacities.	• *Support for Transnational Distribution of European Films and Networking of Distributors* to foster the wider transnational distribution of non-domestic European films and to encourage theatrical distributors to invest in promotion and adequate distribution for non-domestic European films. There are two types of funding available: a subsidy intended to co-finance up to 50% of dubbing and subtitling costs; and a conditionally repayable advance intended to co-finance a maximum of 50% of the other eligible distribution costs. • *Support for Transnational Distribution of European Films (sales agents)* to encourage and support the wider transnational distribution of recent European films by providing funds to sales agents based on their performance on the market, for further investment in new European Films. Subsidy covers up to 50% of eligible costs for a project. • *Support for Exhibitors* to encourage the networking of European premiere cinemas and the screening of non-domestic European films by these cinemas. • *Support for Promotion & Market Access* to facilitate and encourage the promotion of European audiovisual and cinematographic works at trade shows, fairs and audiovisual festivals, and to	• *Funding in the Field of Vocational Training* to meet the industry's needs and promote competitiveness by improving the vocational training of individuals in the audiovisual sector; and to encourage co-operation and exchange of knowledge by fostering partnerships between training institutions, the professional sector and companies. On average the subsidies awarded cover 49% of the costs of training. • *i2i Audiovisual* to support audiovisual production companies' access to financing from banks and other financial institutions by co financing some of the costs of guaranties required by such institutions and/or part of the costs of bank financing. Up to €50,000 is available per project. Contributions may not exceed 50% of eligible costs.

Agency	Budget (latest year available)	Production/Development	Distribution/Exhibition/ Promotion	Other
Programme.			encourage the networking of European operators by supporting joint activities by national promotional bodies. The amount of the subsidy awarded will not exceed 50% of the total cost of the operation.	

APPENDIX J

INTERNATIONAL TAX INCENTIVES

Country	Name of Tax Incentive	Amount/Details
United Kingdom	Section 48 (Finance Act No.2)	A sale and leaseback arrangement. Films with budgets under £15 million can write of 100% of production and acquisition expenditure. In 2006 a new tax credit will replace Section 48 that will be worth 20% of production costs.
	Section 42 (Finance Act No.2)	A sale and leaseback arrangement. Films with budgets over £15 million can write off 100% of expenditure over three years. In 2006 a new tax credit will replace Section 42 that will be similar to the one replacing Section 48.
Republic of Korea	n/a	The government has introduced a measure to give tax breaks to Korean entertainment companies that agree to set aside portions of their earnings for future projects. Companies can designate up to 30% of their earnings as a "cultural business preparation fund" and slate it for future projects. The amount is deducted from taxable revenues.
Republic of Ireland	Section 481 (Taxes Consolidation Act)	A tax deduction for investors who buy shares in Irish film production companies. Eighty percent of the amount invested can be written off for tax purposes.
Germany	n/a	German investors in a film financing scheme obtain a tax deduction at their marginal tax rate for up to 100% of their investment in the scheme. There is no requirement for the film to be made in Germany. It should be noted, however, that this present system is under review.

Country	Name of Tax Incentive	Amount/Details
France	Tax Credit for Films	Offers up to 20% of qualifying technical expenses related to the production of a film, provided that the expenses are for services performed in France. The tax credit is capped at €1 million.
Belgium	Belgian Tax Shelter Law	A tax-shelter arrangement. Companies investing in Belgian productions can deduct 150% of the investment from taxable profits. The investment must not exceed 50% of the overall cost.
Australia	Federal Tax Rebate	A cash rebate of 12.5% of a production's Qualifying Australian Expenditure.
	Division 10BA	A capital cost allowance. Investors may deduct 100% of the capital cost of the qualifying film against their active income.
	Division 10B	A capital cost allowance. Allows a wider range of projects to qualify than that provided for under 10BA. Capital costs must be written off over two years.
	Payroll Tax Exemption (State Government of South Australia)	Offers a payroll tax exemption. Reduces the film's payroll total by approximately 6%.
	Employment Rebate (State Government of South Australia)	Offers a 10% rebate on all eligible South Australian labour expenditure.
	Payroll Tax Rebate (State Government of Queensland)	Offers a full rebate of payroll tax to all eligible productions.
	Cast & Crew Salary Rebate (State Government of Queensland)	Offers a rebate of 10% of salary/wage costs of Queensland cast and crew employed in a production.

Country	Name of Tax Incentive	Amount/Details
	Head of Department Rebate (Sate Government of Queensland)	Offers a cash rebate of up to AUD$50,000 for productions that employ Queensland Heads of Department.
United States	American Jobs Creation Act 2004	Offers an immediate full tax write-off of production expenditures for domestic films with budgets up to $15 million ($20 million of production if located in a low-income community); productions with budgets in excess of $12 million may be eligible for a tax deduction of 9% of production expenditures.
	Income Tax Credits (Arizona)	Offers a 20% transferable income tax credit on Arizona production expenditures. Also offers a 50% sales and use tax rebate on purchase or lease of tangible property.
	California	Offers a 5% sales tax exemption on the purchase or lease of post-production equipment. In addition, there is also no state hotel tax on occupancy. Currently, there is a bill before the California State Legislature to introduce a 12% tax credit on California production costs up to $3 million.
	Film Industry Rebate Program (Florida)	Offers a 15% reimbursement of qualified Florida production expenditures.
	Income Tax Credit (Georgia)	Offers a 9% transferable income tax credit on all costs incurred in Georgia; a 3% credit on wages paid to Georgia residents; a 2% credit of television productions that spend more than $20 million annually; a 3% credit for productions in distressed areas.
	Motion Picture and Film Production Income Tax Credit (Hawaii)	Offers a 4% rebate on expenditures; a 7.25% rebate on hotel expenditures; a 100% tax credit on investments up to $2 million per year.

	Transferable Wage Tax Credit (Illinois)	Offers a 25% transferable income tax credit on the first $25,000 of wages paid to Illinois residents.
	Investor Tax Credit; Employment/Labor Tax Credit; Sales & Use Tax Credit (Louisiana)	Offers a 25% transferable tax credit on Louisiana spending; a 10% credit on total aggregate payroll of Louisiana residents; a 4% sales and use exclusion.
	Film Production Activity (Maryland)	Offers a wage rebate up to $12,500 per employee.
	Film Production Tax Credit (Missouri)	Offers a non-refundable income tax credit of up to 50% of Missouri expenditures or up to $500,000.
	Refundable Tax Credit (Montana)	Offers a 12% refundable tax credit on up to $50,000 in wages paid to Montana residents.
	Film Production Tax Credit; Investment for New Mexico Films; Film Production Company In-Plant Training (New Mexico)	Offers a choice of either an up-front sales tax exemption or a 15% income tax rebate on qualified expenditures; Offers equity investment of up to $80 million per project for films shot substantially in New Mexico; Offers a 50% tax rebate on salaries of eligible New Mexico labour.
	Film Production Tax Credit (New York)	Offers a 10% refundable tax credit of qualified expenditures, up to $100 million over 4 years. The City of New York offers the same incentive with a refundable tax credit of 5% of qualified expenditures up to $37.5 million over 3 years.
	Rebate Program (Oklahoma)	Offers a rebate of 15% of eligible Oklahoma costs up to $2 million per year; a sales tax exemption on tangible property and services.

	Production Investment Fund: Sales Tax Exemption: Labor Rebate (Oregon)	Offers a 10% rebate on eligible Oregon costs up to $250,000 per production: no sales tax on all purchases: a bill offering a 6.2% rebate on Oregon wages is expected to pass through the Oregon State Legislature.
	Income Tax Credit (Pennsylvania)	Offers a 20% assignable tax credit of Pennsylvania labour costs when spending 60% of production costs in Pennsylvania.
	Production Project Tax Credit (Puerto Rico)	Offers a 40% transferable labour tax credit for wages paid to Puerto Rico residents if at least 50% of shooting takes place in Puerto Rico.
	Motion Picture Incentive (South Carolina)	Offers a 15% labour withholding tax rebate: relief from payment of state and local sales and use taxes: exemption from state accommodations taxes: a 15% rebate on South Carolina goods and services purchased: an income tax credit of 10% of South Carolina investment is available for establishing a commercial production company in South Carolina: investors in South Carolina created films and/or post-production facilities are eligible for income tax credits based on their investment amount.
	Film Incentive: Sales & Use Tax Exemption (Utah)	Offers a 10% rebate on eligible Utah expenses: a sales tax exemption at the point of sale on equipment.

Standing Committee on
Canadian Heritage

Comité permanent du
Patrimoine canadien

Nineteenth Report of the Standing Committee on Canadian Heritage - Report on the Canadian Feature Film Industry

A copy of the relevant Minutes of Proceedings (*Meetings Nos. 18 to 30, 32 to 35, 37, 38, 41 to 52, 56, 63 to 66*) was tabled.

Respectfully submitted,

Marlene Catterall, Chair

Supplementary Opinion of the Bloc Québécois

> As far as we are concerned, there are Canadian feature films as well as Quebec feature films, regardless of the creative language used. This fact must first be acknowledged and the specific characteristics of each must be borne in mind in order to define each industry and devise appropriate solutions.[1]

Denying the obvious

Context

To begin, the Bloc Québécois would like to thank all the individuals and groups from Quebec and Canada who appeared before the Committee. The vibrancy of the various players in the film industry holds out great promise for the future of film in Canada and Quebec.

While the report on Canadian feature film policy recommends changes that we consider relevant and necessary on the whole, it fails to recognize the existence of the Quebec film industry and the role the filmmaking community plays in promoting the development of this unique film industry.

A Quebec film industry

In the opinion of the Bloc Québécois, there is no French-language market or English-language market in Canada. There is a film industry in Quebec and a film industry in Canada. Throughout the work of the Heritage Committee, the Bloc Québécois has sought to raise the members' awareness of this fact, which is obvious to anyone familiar with the film industry in Canada and Quebec. These two industries face different challenges. Although they are different, a single film policy can still be developed.

"As of at September 2004, Quebec films generated 21.1% of revenues in the French-language market, while Canadian films generated a mere 1.7% in the English-language market,"[2] the National Film Board of Canada noted in its brief.

This reality was emphasized by a great many witnesses appearing before the Heritage Committee over the last year. For reasons unknown to us, however, the Committee has chosen to ignore and omit all references to the Quebec film industry, which is regarded as part of the "French-language market." Films such as *Mambo Italiano*, *The blue butterfly* or *Bon cop, bad cop* (upcoming release) are not part of the English-language market but rather part of the Quebec market. Recognizing the existence of the Quebec film industry would force the federal government to acknowledge the distinctness of Quebec culture, which it refuses to do.

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[1] Replies to the questions contained in the Interim Report on the Feature Film Industry, by the Union des Artistes, September 15, 2005.

[2] Submission to the Canadian Heritage Committee, National Film Board, February 17, 2005.

With respect to the film industry, I would add that in our opinion the Canadian Conference of the Arts is entirely right in saying that Quebec is an exception.

The Canadian Association of Film Distributors and Exports notes in one of the chapters, entitled "*Quebec and English Canada*," that "*there are great discrepancies between the film industries in Québec and the rest of Canada. The level of box-office success in Québec has not and may not be duplicated in English Canada.....Rather we are suggesting that in future each market be examined in isolation and the needs of each be considered separately.*"[3]

Recommendations

The Bloc Québécois recommends that the federal government and its various agencies recognize the existence of the Quebec film industry, which is more than a regional aspect of the French-language film industry in Canada.

The Bloc Québécois recommends that the Quebec and Canadian markets be examined separately in establishing a Canadian feature film policy to ensure that it addresses the various challenges these markets face.

The Bloc Québécois recommends that the federal partners of the film industry (NFB, Telefilm, CRTC, CBC) work with Quebec partners such as SODEC, whose expertise is unparalleled.

The Bloc Québécois recommends finally that a feature-length documentary fund be created for this type of filmmaking, which serves a unique role, to ensure that it has access to the resources needed for its development.

Finally, the Bloc Québécois reiterates its demand that Quebec have full control over culture, including the film industry, and that the amounts corresponding to Quebec's share be managed by the Quebec ministry of culture. We recognize that Quebec sovereignty is the only way for us to attain this objective.

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[3] Brief by the Canadian Association of Film Distributors and Exporters, February 10, 2005.

MINUTES OF PROCEEDINGS

Wednesday, November 23, 2005
(Meeting No. 66)

The Standing Committee on Canadian Heritage met *in camera* at 4:39 p.m. this day, in Room 112-N, Centre Block, the Chair, Marlene Catterall, presiding.

Members of the Committee present: Charlie Angus, Gord Brown, Hon. Sarmite Bulte, Marlene Catterall, Sébastien Gagnon, Maka Kotto, Deepak Obhrai, Bev Oda, Yasmin Ratansi, Gary Schellenberger and Mario Silva.

Acting Member present: Alan Tonks for Scott Simms.

In attendance: *Library of Parliament*: Joseph Jackson, Senior Analyst; Sam Banks, Analyst; Matthew Carnaghan, Analyst. *As an Individual*: David Black, Consultant.

Pursuant to Standing Order 108(2), the Committee resumed its study of Canadian Feature Film Industry.

The Committee resumed consideration of a draft report.

At 5:40 p.m., the sitting was suspended.

At 6:44 p.m., the sitting resumed.

It was agreed, — That the Committee append to its report a supplementary opinion from Maka Kotto, Bloc Quebecois, provided that it is no more than 1 1/2page in length and submitted electronically to the Clerk of the Committee, no later than 8:00 p.m., on Wednesday, November 23, 2005.

It was agreed, — That the draft Report, as amended, be adopted as the Committee's 19th Report to the House and that the Chair be instructed to present it to the House.

It was agreed, — That the report be entitled: Scripts, Screens and Audiences: A new Feature Film Policy for the 21st Century.

It was agreed, — That, the Committee print its Report in French and English with a distinctive cover.

It was agreed, — That, the Chair, the Researchers and the Clerk be authorized to make such typographical and editorial changes as may be necessary without changing the substance of the Report.

At 6:46 p.m., the Committee adjourned to the call of the Chair.

Jacques Lahaie
Clerk of the Committee